



## **Operational and Performance Analysis of the City of Jersey City**

State of New Jersey  
Department of Community Affairs  
Division of Local Government Services

April 26, 2001

# Contents

## Our vision

Our vision is to be  
the partner for success  
in the new economy.

## Our mission

Our mission is to build  
relationships and develop  
innovative solutions which  
help dynamic people and  
organizations create  
and realize value.

Acknowledgments

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# Acknowledgments

Andersen appreciates the support and assistance of the following entities:

## **State of New Jersey**

Department of Community Affairs, Division of Local Government Services  
Administrative Office of the Courts

## **City of Jersey City**

Office of the Mayor  
Office of the Business Administrator  
Division of Purchasing and Central Services  
Division of Real Estate  
Office of the Tax Assessor  
Office of the Tax Collector  
Department of Neighborhood Improvement  
Department of Recreation and Cultural Affairs  
Department of Public Works  
Department of Health and Human Services  
Department of Housing, Economic Development and Commerce  
Jersey City Redevelopment Agency  
Economic Development Corporation  
Jersey City Incinerator Authority  
Jersey City Free Public Library  
Municipal Utilities Authority  
Jersey City Municipal Court  
Jersey City Parking Authority

## **County Government**

Essex County, New Jersey  
Hudson County, New Jersey  
Middlesex County, New Jersey

## **Other Municipalities**

The City of Bayonne, New Jersey  
The City of Camden, New Jersey  
The City of Fort Lee, New Jersey  
The City of Hoboken, New Jersey  
The City of New Brunswick, New Jersey  
The City of Newark, New Jersey  
The City of Paterson, New Jersey  
The City of Perth Amboy, New Jersey  
The City of Union City, New Jersey

The Township of Franklin, New Jersey  
The City of Cincinnati, Ohio  
The City of Dayton, Ohio  
The City of Flint, Michigan  
The City of Fort Lauderdale, Florida  
The City of Fort Wayne, Indiana  
The City of Lubbock, Texas  
The City of New York City, New York  
The City of Norfolk, Virginia  
The City of Richmond, Virginia  
The City of Riverside, California  
The City of Washington, District of Columbia

**Other Entities**

American Management Systems  
Colonial Parking  
Comet Delivery Service, Inc.  
Cooper Brothers Towing  
Dejana Industries  
Freedom Messenger Systems  
Hudson Messenger  
Network Parking  
New Jersey Parking Authority Association  
State University of New York, Buffalo School of Information Science  
Truchan Brothers Auto & Towing

# Executive Summary

## Introduction

The City of Jersey City is at an important juncture in its history. Extensive new development and an influx of businesses and residents to the City has given Jersey City an opportunity to transform itself into a more vibrant and successful community with a responsive and efficient city government. Yet, Jersey City faces a number of management challenges. Financially, Jersey City is struggling. The New Jersey Department of Community Affairs (DCA) hired Andersen to conduct a performance and operational analysis of a number of Jersey City's governmental entities. The project has four overall goals:

1. Provide DCA and Jersey City with an independent and objective assessment of the financial and operational challenges facing Jersey City.
2. Identify ways for Jersey City to provide needed services in an effective and efficient manner that will cut costs and increase revenues.
3. Provide concrete recommendations for broad, cross-cutting business process reforms that would help Jersey City build a solid business foundation and move toward best-in-class public management and service provision practices.
4. Produce a report that would be useful as a blueprint for reform.

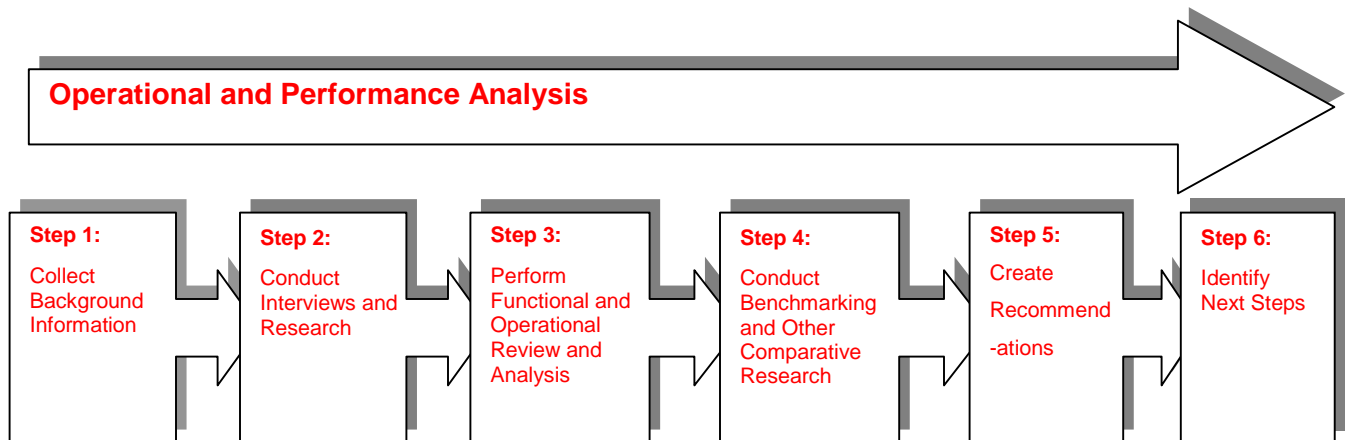
Specifically, DCA asked Andersen to review the following Jersey City departments, authorities and functions:

- Department of Housing, Economic Development and Commerce (HEDC)
- Jersey City Redevelopment Authority (JCRA)
- Procurement and Purchasing
- Jersey City Free Public Library (Library)
- Jersey City Parking Authority (JCPA)
- Jersey City Incinerator Authority (JCIA)
- Department of Neighborhood Improvement (NID)
- Tax Abatements
- Revenue Enhancement
- Department of Recreation and Cultural Affairs
- Human Resources
- Department of Health and Human Services (DHHS)

Most information in this report was compiled from publicly available sources or provided to Andersen by DCA or the Jersey City government. The scope of the engagement did not include conducting a financial audit. In most cases Andersen did not independently validate information provided from responsible sources except to clarify anomalies.

## Project Methodology

Andersen applied a comprehensive methodology in order to develop recommendations for future improvements. The following graphic is a step-by-step narrative of the method used to execute this level of Assessment.



### Step 1. Collect Background Information

The Andersen team spent the first several days of the project collecting background information on the City of Jersey City. Initial document reviews included information provided by the State, information available on the Jersey City web site, as well as independent research gathered by the Andersen team.

### Step 2. Conduct Interviews and Research

We then conducted over 50 in-depth interviews with Department and Authority Directors and other relevant management throughout the City. During and after these interviews we requested relevant financial information, planning materials, organizational structure charts, and functional and operational data for further detailed review.

### Step 3. Perform Functional and Operational Review and Analysis

In the next step, we focused on identifying key functions and operations for efficiency and effectiveness, as well as analyzing current financials and the budgetary situation. Additional follow-up conference calls, meetings, and document requests were completed to fill in missing information. Finally, we compared functions within Jersey City to find duplication of efforts and best practices that could be emulated.

### Step 4. Conduct Benchmarking and Other Comparative Research

We next began to identify appropriate benchmarking partners and best practices to compare with Jersey City. Our benchmarking research included our Global Best Practices Database, Andersen proprietary Knowledge Space, and information from a multitude of similarly situated cities across the United States, other municipalities within the State of New Jersey, and private sector best practices. Our team made over 100 new benchmarking contacts and used an extensive amount of other relevant benchmarking data.

### Step 5. Create Recommendations

After reviewing and analyzing the information and data collected from City staff and benchmarking and best practice research, the team formed recommendations to improve efficiency and effectiveness throughout the City. Upon completion of the recommendations, we discussed our general findings and recommendations with top department, agency and

authority management as well as Jersey City's Business Administrator. During these meetings, we asked the City to comment on the accuracy of the findings and recommendations and to identify potential concerns. We took the results of these meetings into consideration and in several instances modified the recommendations to address these concerns.

#### **Step 6. Identify Next Steps**

Finally, we identified critical next steps toward implementation and highlighted the importance of investment by the City as crucial for the recommendations' success. We also identified other areas within the Jersey City government where a more comprehensive analysis could prove valuable.

The information gathered for this report was extensive. We thank the many people in DCA and Jersey City government who provided invaluable data, knowledge, insight and thoughtful ideas to this project. Their hard work and cooperation was indispensable.

## **Findings**

Under New Jersey tax structure, Jersey City is restricted in its ability to generate new revenues. Therefore, it is imperative that Jersey City manages its resources very carefully. In some areas, structural inefficiencies and managerial challenges limit the success of Jersey City operations.

**Organizational Structure** – The Jersey City government is a complicated amalgamation of departments, divisions, agencies and authorities. Jersey City's extensive use of semi-independent public authorities to perform key functions is uncommon among New Jersey municipalities. This practice of assigning functions that traditionally fall under the jurisdiction of the City government to authorities has contributed to loss of financial and operational accountability and prevents seamless delivery of services.

**Strategic Planning** – Jersey City government is suffering from a lack of comprehensive planning. There appears to be no written vision for the future of the City (with the notable exception of economic and community development). Nor are there articulated goals for the government or comprehensive plans for how such goals might be achieved.

**Performance Management** – Jersey City does not currently manage its operations using a performance management framework. This means that the City allocates funds to departments without linking budgets to current performance levels and without instituting methods to measure performance or encourage future performance improvements.

**Cost Allocation** – Ideally, all costs associated with a specific service should be easily ascertained and evaluated. In Jersey City, however, it is virtually impossible to fully estimate the true costs of any specific service or program because costs are not correctly allocated. This is a root cause of a number of operational and financial challenges facing Jersey City:

- There is little incentive to cut, control or manage costs because little monitoring of the full costs of services is possible;
- It is difficult to assess the true cost of service provision;
- There is a lack of financial accountability; and

- Jersey City is virtually unable to compare performance across divisions or departments, or with other cities.

**Financial Management** – During our work in Jersey City managers in some authorities and departments were unable to provide financial data that could be used for in-depth analysis. Part of this problem stems from insufficient and inconsistent financial systems and processes in use throughout the Jersey City government.

In addition to these general findings, we completed a detailed assessment of 12 City departments and authorities and developed six cross-cutting and 48 agency-specific recommendations. We have summarized each of these recommendations below. For all recommendations where figures for cost savings, revenue increases or reallocation of resources for needed investment could be estimated we have provided such information. Please refer to the full report for details on how these numbers were generated.

The successful implementation of many of the recommendations in this report should result in significant cost savings and increased revenue. Our recommendations should enable the City to reduce its operating deficit substantially. However, in order to realize these cost savings and revenue increases, Jersey City should fundamentally alter its operating model.

We suggest that Jersey City take the following steps:

- develop a comprehensive strategic planning for the City;
- fundamentally restructure parts of its operations;
- develop a performance management system;
- implement full cost allocation; and
- upgrade financial management systems and processes.

Jersey City's efforts at reform will require the reallocation of significant financial resources. We recommend that Jersey City prioritize its resources to allow for investments including an automated purchasing system, a comprehensive financial management system, and new street signs for street sweeping. We also recommend implementing a more comprehensive GIS system and capital improvements for the Main Library. These investments are necessary for Jersey City's modernization, will enable management to implement many of the recommendations outlined in this report, and are critical to realizing cost savings and revenue increases.

If fully implemented by Jersey City, the recommendations outlined in this report will:

- Reduce annual spending by over \$3.8 million
- Increase annual revenue by over \$1.5 million
- Allow for a reduction in personnel equal to about 125 full time employees (FTE)

It is important to note that these figures reflect only the financial impact of those recommendations where we had high confidence in the cost and revenue data. For many other recommendations, while we anticipate major additional financial benefits to the City, we have not quantified the fiscal impact because of large variances in potential savings. For example, implementing the following recommendations will generate substantial but currently unquantifiable savings or revenues in addition to the savings and revenues shown above:

- selling surplus vacant properties;
- consolidating fleet maintenance operations;

- implementing financial and managerial controls at JCPA; and
- outsourcing of demolition function at JCIA.

We realize that the resources needed in the near term to implement these recommendations are significant, but they are crucial to realizing the increase in revenue and decrease in spending that will help Jersey City move toward financial stability. Jersey City could use the one-time revenue it receives from selling a portion of its existing surplus land inventory to generate the funds needed for new investments. While it is impossible to know the precise value of the surplus land inventory, Jersey City could generate millions of dollars in new revenue by selling only a small portion of their inventory. This money could be used toward funding both the specific investments that we have identified, and the planning and reorganization activities that we describe above (that do not have a specific price tag attached in this report).

## Recommendations

Following are recommendations for each of the departments, authorities and functions Andersen was asked to review. The title of each recommendation is preceded by a code used for easy reference in the full report.

### Cross-Cutting

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During our review of 12 of Jersey City's departments, authorities and programs, it became clear to us that there were many cross-agency functions that were not being performed in an optimal way.

#### **CC1 - Consolidate Fleet Management and Maintenance Functions**

Multiple departments and agencies (including JCIA, DPW and JCPA) maintain and manage separate fleet functions. Perceptions about the quality of service delivery vary widely between departments, as do policies and procedures. There is little or no sharing of information, skills or resources among the departments, and this leads to inefficiency and decreased productivity overall. Current purchasing procedures do not create economies of scale that would help the City purchase equipment and parts for a lower price. The lack of any vehicle tracking mechanisms can lead to uneven wear and tear on vehicles and make it difficult to assign responsibility for damage to vehicles. Finally, there appears to be no long-term, City-wide asset planning which would help the City make wise choices to revitalize its aging fleet.

Jersey City should centralize its disparate fleet management and maintenance functions to reduce overhead, supply and labor costs, and achieve vehicle-purchasing economies of scale. Steps in moving in this direction include the following:

- Conducting a fleet needs survey
- Centralizing parts and equipment purchasing
- Shifting toward a customer-focused approach
- Utilizing a life-cycle approach when making equipment replacement and purchase decisions
- Implementing a billing structure that supports the life-cycle perspective and ensures ownership and accountability by each department utilizing the centralized fleet management function

- Creating a system where detailed information on operational costs, maintenance schedules and vehicle performance results are housed and available to managers in various departments
- Outlining policies and procedures that provide guidelines on controlling cost and increasing vehicle availability through detailed responsibilities for operators, management and the centralized fleet function
- Outsourcing functions where appropriate

### **CC2 - Consolidate Snow Removal Efforts**

Jersey City has outlined a Snow Removal Plan that is a good first step toward the provision of effective and efficient snow removal services. However, the current snow removal operation suffers three major inefficiencies that are a direct result of fragmentation of City services. First, the City is burdened with costly and inefficient staffing assignments and service provision levels. As a result, natural efficiencies that could be gained through utilizing workers for one function in the winter (i.e. snow removal) and another in the summer (i.e. park maintenance) are lost. Second, Jersey City uses resources to provide snow removal service levels that may be too high compared to surrounding municipalities. Finally, the City's budget for snow removal may be a very low estimate of the actual cost of the effort because of City-wide cost allocation problems.

Rather than trying to keep a large, year round staff to accommodate its staffing needs for the rare snow emergency, JCIA should instead:

- train and borrow employees from DPW or other City agencies during weather emergencies; and
- use more contractors to supplement the existing contracted services.

### **CC3 - Overhaul Street Sweeping**

Jersey City's street sweeping operation is run primarily by JCIA, while JCPA assigns two Parking Enforcement Officers to ride in front of JCIA's street sweeping trucks. The personnel and machines are deployed on 11 routes across the City. Commercial and downtown areas are swept six days per week and secondary or residential neighborhoods are swept twice per week. Staff at both authorities complain about inter-agency coordination problems, and the number, location and length of the street sweeping routes themselves have not been evaluated for efficiency and effectiveness in many years despite calls for changes in routes. Jersey City should make the following changes to its street sweeping operation:

- Evaluate Service - Evaluate the number, location and length of all existing street sweeping routes for efficiency and effectiveness.
- Reduce Residential Street Sweeping - Reduce the frequency of street sweeping in secondary/residential areas from twice per week to once per week.

Implementing this recommendation would save the City over \$460,000 per year after an initial investment of about \$580,000, which will be needed to change the street signs and develop new routes. This will also allow the reduction of 6 FTEs.

### **CC4 - Implement a Standard Financial Management System**

Jersey City has no integrated financial management system. Instead, many different systems – some old, some new, most not user-friendly or particularly scalable – are in operation. Because of the lack of integration and poor functionality of its current financial

Approximate Annual Savings: \$460,000  
Staffing Change: Down 6

management systems, the City cannot effectively allocate service provision costs among agencies and departments, manage assets, or make business decisions based on complete financial information. To rectify this situation, the City should implement a fully integrated, enterprise-wide financial management system that includes basic accounting, asset management, budgeting, human resources and purchasing functionality. This system should be scalable, easy to use and integrate with existing systems, as well as technically compatible with State or County systems as needed. Substantial investment will be required to implement this recommendation. However, making this investment will allow better management throughout Jersey City, resulting in significant long-term efficiencies and recurring savings.

#### **CC5 - Conduct a Citizen Survey**

The City offers a wide range of services and makes ongoing decisions about the level and types of services it will provide. With limited resources Jersey City recognizes that as one service level increases, another service level may decrease. However, Jersey City has not conducted a citizen survey to measure desired service levels. Jersey City should conduct a comprehensive survey to ascertain citizen service preferences and satisfaction levels. This will allow the City to provide more citizen-centered services and identify areas for service reduction. Implementing this recommendation will cost approximately \$45,000.

#### **CC6 - Conduct an Energy Audit**

Energy expenses are a significant cost to Jersey City. However, no reconciliation beyond ensuring the accuracy of the addresses on the bills appears to be performed. Implementing other controls is difficult given the City's current financial system and lack of cost allocation capabilities. Energy abuses can go virtually undetected throughout the City, and efficiencies are not sought or achieved. The City recently released a Request for Proposals (RFP) calling for private firms to perform a reconciliation of utility bills and to make recommendations for better rates on behalf of Jersey City. Jersey City should continue to pursue conducting an energy audit and should expand this audit to include a review of the energy efficiency in the City's facilities. This would include determining ways to save on energy, including installing insulation, changing fixtures, replacing antiquated systems, and possibly putting lights on timers.

We estimate that annual cost savings of nearly \$185,000 could be achieved if this recommendation were implemented.

#### **Division of Purchasing and Central Services**

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This Division of the Department of Administration is responsible for all procurement operations for City departments and coordinating delivery, security, and courier services throughout the City. Procurement processes are manual and lengthy, and because bulk purchasing is not adequately pursued, the staff is routinely overwhelmed by small orders. The following changes should be made in Jersey City's purchasing system:

Approximate Annual Savings: \$185,000

Approximate Annual Savings: \$675,000

Staffing Change: Up 1

### **PUR1 - Automate and Reengineer the Entire System**

The procurement process in Jersey City is slow and cumbersome. Despite the fact that the system purchases nearly \$150 million in goods and services a year, it is still done manually. Three steps should be taken:

1. Automation: The City should invest in a commercial, automated system that will effectively manage all procurement operations. Once this automated system is in place, we believe that two clerical staff members should be sufficient to support the buyers administratively.
2. Reengineer the Procurement Process: We recommend a simplified process where more of the responsibility is transferred from the Division of Purchasing and Central Services to the Division that is requesting the purchase. The electronic system that supports this improved model will allow the Division of Purchasing to monitor the purchase order as it travels throughout the process at any time and to spend more time doing proactive work such as negotiating purchases and expanding its vendor pool.
3. Increase the Number of Buyers: The Division of Purchasing and Central Services should enhance the purchasing staff to include three additional buyers. The buyers should have the capacity to learn to use the new automated system.

If this recommendation is implemented, we estimate annual cost savings of over \$675,000 will occur after an initial expenditure of about \$725,000. A net increase of one FTE will result.

### **PUR2 - Online Purchasing and Procurement Card Usage**

Almost all communication between the Division and vendors is done via phone and fax, and at times only a limited number of vendors can be contacted during a given timeframe, leading to price inefficiencies. The City should invest and utilize procurement cards for small purchasing to the extent permitted by New Jersey law. These cards will allow the Division to participate in electronic commerce and will broaden the possibilities for receiving the best possible prices for goods and services. This will reduce processing costs as well as time for routine transactions.

### **PUR3 - Outsource Security Services**

The Division employs seventeen security guards. They maintain a fairly constant schedule and are coordinated by the Chief of Administrative Services and the Supervising Security Guard. The City has some experience with outsourcing the security operation. Although the City had problems with this in the past, it should consider outsourcing the security operation again under a strict contract. Implementing this recommendation would result in annual cost savings of nearly \$115,000 and reduction of 18 FTEs.

### **PUR4 - Outsource Facility Maintenance**

The Department of Public Works maintains 26 buildings for the City of Jersey City. Most janitorial services are performed under a contract currently producing cost savings, but the City still employs 41 people to handle building repairs and maintenance. Jersey City's current costs for this operation are out of range with similar cities, and the facility maintenance function should be outsourced. Implementing this recommendation should save Jersey City around \$115,000 per year and allow for a reduction of at least six FTEs.

Approximate Annual Savings: \$115,000

Staffing Change: Down 18

Approximate Annual Savings: \$115,000

Staffing Change: Down 6

Approximate Annual Savings: \$150,000  
Staffing Change: Down 9

#### **PUR5 - Outsource Courier Services**

Jersey City's courier service is managed by Central Services, employs nine messengers and utilizes nine vehicles. By providing this service through contract with private firms, Jersey City could reduce personnel, overhead and equipment maintenance costs dramatically. Total annual savings are estimated at nearly \$150,000 with a reduction of nine FTEs.

#### **PUR6 - Transfer Responsibility for Library's Purchasing**

Jersey City's Free Public Library procured \$600,000 in goods and services last year and 30 employees participated in some part of the purchasing process. However, the Library's process does not utilize the procurement expertise or purchasing power of the City. By shifting purchasing for the Library to the Division of Central Services, Jersey City could reduce personnel and overhead costs at the Library and better utilize existing procurement staff and purchasing knowledge.

#### **PUR7 - Outsource Services at the Authorities**

JCPA, JCIA, MUA and the Library currently operate fully independently of each other even when cooperation could produce efficiencies. An example of this is the management of security, delivery and facility maintenance services. Currently, these services are provided through a mixture of both contracted and in-house operations, and there is a wide a variance of costs for virtually the same services across the authorities. The authorities should consider jointly outsourcing these services by working with the Division of Central Services on a joint purchasing committee.

### **Division of Real Estate**

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Unlike many real estate operations in other cities, the Jersey City Division of Real Estate does not have responsibility for managing the property owned and occupied by the government of Jersey City. Instead, the Division is a small operation that currently performs four functions:

1. Manages and sells foreclosed property;
2. Enforces compliance with sales agreements;
3. Manages the Tax Lien Program; and
4. Pays Rents on leased property.

The rest of the traditional real estate functions are spread across City government or are not done at all. There is no coordinated property management of City-owned buildings, portfolio management and space allocation planning. There is also no systematic approach to maintenance and repairs or security provision. Finally, capital improvements appear to be done only on a crisis response basis, utility usage monitoring is non-existent, and the system for management of surplus land is flawed. The following changes should be made in the Jersey City real estate system:

#### **RE1 - Create an Office of Property Management**

Despite its substantial real estate portfolio, Jersey City does not have a centralized, coordinated property management operation. Jersey City should consolidate its real estate related operations into an Office of Property Management reporting to the City Administrator's Office. The main functions of this office should include portfolio

management, facilities maintenance and repair, capital construction management, and security and energy management.

### **RE2 - Reduce the Number of Surplus Properties Withheld from Sale**

Sales of surplus land in Jersey City currently raise approximately \$2-3 million per year. The process by which surplus land becomes available for sale is identified, however, is flawed. Once the decision is made to place land on a “hold from sale” list, this decision is never revisited. Jersey City currently has 648 parcels of property in its surplus land inventory. The assessed value of the properties withheld from sale is \$52,663,200. However, the most recent assessment date for many of these properties could be as old as 1988; as a result, the total assessed value figure stated here may be a low estimate of actual value. Jersey City should institute a new management and review process to sell property in a more timely fashion, thereby increasing accountability and allowing Jersey City to realize one-time revenue and increased annual revenues from property taxes.

### **Tax Abatements**

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During the last decade – and increasingly over the last two years – Jersey City has negotiated multiple tax abatements under the State’s “Long Term Tax Exemption” statute. Many of these projects have far surpassed (in terms of both dollars and square feet) the typical development seen in Jersey City in prior years. Most of the tax abatement agreements allow developers to offer a Payment in Lieu of Taxes (PILOT) equal to 2% of project cost over a period of time ranging from five to 20 years. Jersey City also collects other fees on top of this payment. The total amount of revenue from PILOTs has increased significantly in the last few years. However, there is concern that more recent tax abatement agreements are front-loaded and the value of PILOTs coming in to Jersey City will actually begin to decrease in the coming years.

Jersey City’s process for considering and granting tax abatements is marked by ongoing, private discussions with developers throughout the process and a call for public comment towards the end of the process. Recently, nearby towns and neighborhood groups have complained to Jersey City (and some have filed lawsuits) over particular tax abatement projects. These complaints are usually centered on claims that the project violated zoning or other ordinances, that the tax abatement granting process was not public, or that payments collected by the City in addition to the PILOT were illegal under State Tax Abatement statutes. Jersey City argues that tax abatements are necessary to compensate for the City’s inordinately high tax rate and to provide developers with predictability in tax costs over time.

Our findings in this area are twofold. First, Jersey City may not need to offer tax abatements for various reasons:

- Jersey City has many other financial incentives to offer
- Location and high New York City rents already strongly favor Jersey City
- Although tax abatements have been available for many years, developers have taken advantage of this incentive only recently, suggesting that the incentive is not the only driver for business location decisions
- Now that Jersey City has established a ‘critical mass’ of development, further incentives may be less necessary to attract development

Second, county and school districts are not sharing in gains from the tax abatement agreements. Tax abatements shift service provision costs away from the City and decrease revenue shared with the County and School Board. Tax dollars collected under the normal system of taxation that would otherwise have been split between the City, the County and the School system instead stay solely in Jersey City in the form of PILOTs.

In addition to continuously re-evaluating whether or not tax abatements are still necessary to lure development, Jersey City should make the following changes in its abatement process:

**AB1 - Use Accurate Municipal Cost Figures in Fiscal Impact Analysis of Non-Residential Tax Abatement Applications**

A key component of the Jersey City review process for all commercial (non-residential) tax abatement applications is the cost/benefit-based Fiscal Impact Analysis (FIA). A three part, multi-step mathematical formula is used to determine the “costs” (for purposes of the FIA). The key figure used as the basis for this calculation is a “municipal levy” figure that is supposed to estimate how much the City spends on services City-wide. However, the figure the City routinely uses for this purpose is inordinately small and results in a low estimate of the costs to the City of a new development. Jersey City should be using a better estimate of the cost to provide City services. Using flawed estimates of the costs and benefits of a given abatement creates faulty analysis and may lead to abatement decisions that result in the City’s inability to pay for adequate service levels without outside help.

**AB2 - Use Marginal Costing Instead of Average Costing When Determining Fiscal Impact of Large Projects**

Jersey City uses a complex methodology for determining the fiscal impact of a new commercial development project. This fiscal impact value – called the “Municipal Cost Allocated to the Non-residential Facility” – is arrived at through a series of calculations that make up the Fiscal Impact Analysis (FIA) worksheet. The FIA is based on average costing, which assumes that the service provision costs associated with a new development are likely to be close to the average cost of providing services to existing development in the City. However, given the size and scope of new developments in Jersey City, average costing is a poor tool to use to estimate new cost. Rather, the City should use a marginal costing framework – one that recognizes that the proposed development does not reflect the average development in the City and should therefore be evaluated individually for impact on City service provision needs.

**Department of Housing, Economic Development and Commerce (HEDC)**

HEDC is comprised of seven Divisions with separate functions including Community Development, City Planning, Economic and Industrial Development, Construction Code, Zoning, Landlord Tenant and Commerce. HEDC generally manages its wide range of responsibilities well despite its limited resources and has contributed to the growth and development occurring in parts of Jersey City. The economic development functions within Jersey City are divided among a number of agencies, including HEDC, the Jersey City Redevelopment Agency (JCRA) and the Economic Development Corporation (EDC). Unfortunately, communication between these agencies is poor and mistrust is high. The Jersey City leadership should take steps to ensure better cooperation between these agencies. We recommend the following changes in HEDC:

Approximate Annual Savings: \$134,000

#### **HEDC1 - Consolidate Code Enforcement in One Central Location**

Under HEDC the Division of Construction Code monitors construction compliance, and Fire Code Inspectors take over when the building becomes operational. The Fire Protection Inspectors are charged with instructing the Fire Code Inspectors on the emergency systems in new buildings. Currently, there is little coordination of efforts between these functions and they lack a communal database to access information. Jersey City should civilianize the two uniformed Fire Inspectors and move the Division to HEDC. Implementing this recommendation would result in an annual cost savings of approximately \$134,000. This recommendation would cost \$53,980 to implement.

Approximate Annual Savings: \$110,000

Staffing Change: Down 2

#### **HEDC2 - Combine Zoning and Construction Code Enforcement Under One Division Director**

The Division of Zoning and the Construction Code Enforcement Division are currently two separate divisions within HEDC even though their work is closely related. Jersey City should combine the Zoning and Construction Code Directors' functions into one position, resulting in annual cost savings of nearly \$110,000 and reduction of two FTEs.

#### **HEDC3 - Automate the License and Permit Process**

Jersey City manually processes license and permit applications throughout its Divisions including Commerce, Construction Code, and Zoning within HEDC. The current processing system is labor intensive and inefficient. Jersey City should move to automate the license and permit process and make the applications available through its web site. This system would reduce transaction costs and deliver higher level service to citizens and other stakeholders.

Approximate Revenue Increase: \$195,000

#### **HEDC4 - Increase License Fees**

The Division of Commerce charges fees for licenses to offset the costs of regulating businesses and to earn revenue for the General Fund. However, the fee schedule is significantly lower than those of surrounding communities. HEDC has generated a schedule of recommended fee increases and Jersey City should move forward with approving and implementing these increases. Doing so would allow the City to raise nearly an additional \$195,000 per year.

#### **HEDC5 - Relocate Agencies to Less Valuable Real Estate**

A number of City departments are located on real estate that is now considered prime because of the current building boom in Jersey City. Jersey City should consider the following:

- Move HEDC and the Redevelopment Authority out of current leased space at the end of the lease term.
- Relocate the Car Pound to less valuable land.
- Relocate MUA, DPW and JCIA to less valuable land.

Approximate Annual Savings: \$125,000

Staffing Change: Down 2

#### **HEDC6 - Disband the Bureau of Vacant Buildings**

The initial function of the Bureau of Vacant Buildings was to manage the inventory of vacant building stock in the City. Recently, the City created a Vacant Buildings Redevelopment Plan and issued a Request for Proposal (RFP) for the rehabilitation of all units listed in the plan. As a result, the Bureau has no real function. Jersey City should disband the Bureau of Vacant Buildings. The Director's current duties, which were

previously performed by DPW, should be transferred back to DPW. This would result in annual cost savings of almost \$125,000 and allow a reduction of two FTEs.

#### **HEDC7 - Implement Geographical Information System (GIS) City-Wide**

A Geographic Information System (GIS) is mapping software that allows real estate related information to be applied to a spatial location and provides data in layers that can be manipulated. GIS is rapidly becoming a best practice for municipalities worldwide and sets apart well-performing cities from those falling behind in performance and efficiency. Ultimately, Jersey City could use GIS to make better policy choices throughout countless operations. The Municipal Utilities Authority has already implemented GIS and populated a data set to facilitate invoicing and monitoring the collection of user fees. Jersey City's goal should be for all departments to have access to GIS and should work with MUA to make this goal a reality within two years. Implementing GIS would require a substantial investment of funds.

#### **HEDC8 – Ensure Adequate Staffing Levels for Federal and State Grants and Program Oversight**

The Division of Community Development is the grant administration arm of HEDC. Block grants to HEDC are a major source of funding for Jersey City every year. The City must fulfill various requirements to receive these funds and remain in good standing with the granting agencies. Jersey City needs to ensure that enough properly trained staff are on hand in order to meet these requirements or the City could fall out of compliance.

Specifically, Jersey City should hire the following:

- staff to oversee and monitor grant-recipients and enforce HUD regulations
- a loan advisor
- a Labor or Davis-Bacon Monitor
- an asset manager/housing coordinator
- a social service coordinator

The City should fill and/or consider combining the following positions: lead-based paint coordinator, relocation officer, housing inspector/safe work practices monitor and risk assessor. Filling all of these vacant positions will cost \$225,000 a year, but this cost can be covered by unused block grant administration funds and will require no additional funding from Jersey City.

#### **Jersey City Redevelopment Authority (JCRA)**

JCRA is a non-elected public agency created to implement redevelopment plans and carry out redevelopment projects in Jersey City. JCRA's primary functions include real estate acquisition, assembly and redevelopment. In addition, JCRA has condemnation, demolition and tenant relocation responsibilities. Generally, JCRA seems to be run efficiently and professionally, but there are two areas that should concern City officials:

1. Community Centers - We question whether JCRA, a development agency, should be in the business of operating and providing programming for community facilities, an area in which it admittedly has no expertise.
2. JCRA's land banking policies - JCRA currently has an inventory of 171 properties that have an assessed value of \$42 million. JCRA is responsible for managing and maintaining these properties while they retain ownership, but the agency appears to have a very passive property management style that may incur unnecessary risk and

add to further neighborhood deterioration. There is also a question as to whether JCRA's land inventory exceeds their needs.

We recommend the following changes at JCRA:

**JCRA1 – Implement New Property Review Process and Sell Excess Property**

JCRA regularly acquires property from the City and others to facilitate development in Jersey City. JCRA has built up an inventory of over 171 parcels with an assessed value of \$42 million. JCRA should go through a review process similar to the one we recommend for the City (see recommendation RE2 – Reduce the Number of Surplus Properties Withheld from Sale) to determine which of these properties can be sold. Such a review and sale could generate millions of dollars for JCRA.

**JCRA2 - Transfer the Community Center's Event Coordination to the Department of Recreation and Cultural Affairs**

JCRA is not maximizing the Community Educational and Recreational Center (CERC) facilities. CERC daily activities are outside of JCRA's core services and they currently do not have the capacity to coordinate events, to sponsor programs, or to advertise facilities. The community center facilities could be better utilized if coordinated with and by the Department of Recreation and Cultural Affairs in conjunction with the Division of Recreation's program planning arm. If this recommendation were implemented, fees could increase by about \$20,000 a year.

**JCRA3 - Supplement Staff or Recruit Volunteers to Run Community Centers**

JCRA has neither the manpower nor the recreation expertise to operate the community center facilities. JCRA has two employees with unrelated job descriptions who also act as managers for these centers. Jersey City should explore hiring staff (to the extent that human resources are not available in City operations) or having senior citizen volunteers manage the centers. These costs should be incorporated into the business plans for each center.

**JCRA4 - Eliminate One Messenger Position**

JCRA currently employs two messengers. However, there is not enough work for both messengers. In the short term, JCRA should eliminate one position, which would result in annual cost savings of over \$30,000 and a reduction of one FTE. In the long term, JCRA should consider signing on to the City-wide courier service outsourcing contract recommended in this report (PUR5 – Outsource Courier Services).

**Jersey City Incinerator Authority (JCIA)**

JCIA is a quasi-independent City agency responsible primarily for waste management, snow removal and a host of cleaning and public safety related tasks. The organization is well run compared to many of the other City agencies we reviewed. During our review, JCIA provided informative and useful management and financial reports, which the staff appears to utilize as planning and management tools on a continuing basis. However, at times JCIA goes above and beyond the call of duty - or beyond its resources - in its attempts to meet and surpass the needs of Jersey City residents. We recommend that JCIA make the following changes:

Approximate Revenue Increase: \$20,000

Approximate Annual Savings: \$30,000  
Staffing Change: Down 1

Staffing Change: Down 6

#### **JCIA1 - Outsource Demolition Function**

The Department of Demolition within JCIA demolishes approximately 35 dwellings per year. JCIA leases some of the equipment required for this function from the private sector, and occasionally bids out entire projects to private demolition companies. JCIA should consider outsourcing the entire demolition function. While the cost savings are difficult to quantify, there would be a reduction of six FTEs in implementation of this recommendation.

Staffing Change: Down 15

#### **JCIA2 - Outsource Property Maintenance Function**

JCIA's Division of Property Maintenance consists of 19 employees that keep approximately 400 City and private lots under City control free from litter, bulk trash and other waste products. The property maintenance function should be contracted out to a private-sector service provider and service-requesting agencies should be billed directly for the cost per project. While the cost savings are difficult to quantify, there would be a reduction of 15 FTEs in implementation of this recommendation.

Approximate Annual Savings: \$160,000

Approximate Revenue Increase: \$75,000

Staffing Change: Down 2

#### **JCIA3 - Charge Fees for the Container Service**

JCIA's Division of Transfer Container Service offers City residents, private businesses, and City agencies free use of large, metal containers for collection and disposal of bulk trash. JCIA trucks carry the equivalent of 700 containers-worth of trash (or 25,000 cubic yards) to a disposal site each year. JCIA should collect fees for disposal, storage and transportation of containers. Implementing this recommendation would provide projected annual cost savings of nearly \$160,000, a projected revenue increase of about \$75,000, and a reduction of two FTEs.

Approximate Annual Savings: \$100,000

Approximate Revenue Increase: \$125,000

Staffing Change: Down 2

#### **JCIA4 - Downsize the Graffiti Removal Program and Charge Fees for Service**

The Division of Graffiti Removal at JCIA works in partnership with law enforcement, residents and business owners to prevent and remove graffiti from buildings and structures through education and eradication programs. This Division could function more efficiently by reducing its staff from six employees to four and charging a service fee of \$125. Implementing this recommendation could provide annual cost savings of over \$100,00, a projected annual revenue increase of about \$125,000, and a reduction of two FTEs.

Approximate Revenue Increase: \$20,000

#### **JCIA5 - Increase Car Pound Capacity and Use**

The Jersey City Car Pound is a 7,000-car facility where all cars impounded by the Jersey City Police Department are towed. JCIA has operated the Car Pound since July 1994. The following three recommendations could lead to improved efficiency at this facility:

- **Increase Auction Frequency:** JCIA could hold auctions every three weeks. This would increase revenues and move more vehicles out of the Car Pound, making room for new ones.
- **Move Car Pound to Larger Space:** The City could increase its capacity to house towed vehicles by moving the Car Pound to a larger space. The City could also generate substantial revenue by selling or developing the current Car Pound lot.
- **Require All City Agencies to Tow Vehicles to the Car Pound:** When the Car Pound is located on a larger site and has capacity to increase the number of vehicles it can hold, the City should require that all vehicles towed on behalf of City agencies and authorities be taken to one place: the Car Pound. This would not only help the Car

Pound become self-sufficient, it would make it easier for residents or visitors to find their towed vehicles.

Implementing these recommendations could provide an annual revenue increase of at least \$20,000.

### **Jersey City Parking Authority (JCPA)**

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JCPA is a quasi-independent agency responsible for the enforcement of parking laws and the management of parking lots and meters throughout Jersey City. In the past Jersey City has appropriated as much as \$1.4 million for JCPA, yet the budget for FY2001 reduced that appropriation by over \$1 million. Currently JCPA has an operating budget of about \$5 million. But JCPA also has serious financial problems. They are running a substantial operating deficit that they are covering with the sale of assets. We recommend the following changes in JCPA to alleviate their financial problems:

#### **JCPA1 - Implement Financial and Managerial Controls**

JCPA appears to have no method for tracking the amount of revenue generated by Parking Enforcement Officers (PEOs), and PEOs have no written performance goals or expectations. Although JCPA is facing massive reductions in City funding, they have not responded by significantly cutting costs or enhancing revenue. JCPA should move away from deficit spending and increase overall efficiency and effectiveness by implementing standard financial controls over the coming months.

#### **JCPA2 - Reduce Manager to Staff Ratio in Division of Enforcement**

The Division of Enforcement is the largest Division within JCPA. Enforcement staff is responsible for writing parking tickets for a variety of City and State parking violations. The Division has a manager to staff ratio of one manager for every 3.6 staff. A reduction in managerial staff will produce monetary savings from decreased salary, benefits and overhead costs which may give JCPA more financial room to manage their monthly operating deficit. Implementing this recommendation would provide annual cost savings of almost \$250,000 and a reduction of six FTEs.

#### **JCPA3 - Outsource the Maintenance and Management of Parking Lots**

JCPA operates 11 parking lots throughout Jersey City. Over the last seven years, JCPA has sold seven parking lots, but staffing levels have remained constant in this Division. JCPA should outsource the maintenance and management of existing parking lots to a private firm with expertise in this area. Implementing this recommendation would provide annual cost savings of nearly \$550,000, an annual revenue decrease of almost \$45,000, and a reduction of 27 FTEs.

#### **JCPA4 - Modify PEO Job Descriptions to Include Electronic Ticketing**

A number of PEOs refuse to use the handheld ticket writing system known as the Automated Traffic System (ATS). The PEO job description should be reviewed and modified to require full utilization of the electronic, handheld ATS system. Implementing this recommendation would provide annual cost savings of nearly \$50,000 and a projected annual revenue increase of about \$560,000.

Approximate Annual Savings: \$250,000

Staffing Change: Down 6

Approximate Annual Savings: \$550,000

Approximate Revenue Decrease: \$45,000

Staffing Change: Down 27

Approximate Annual Savings: \$50,000

Approximate Revenue Increase: \$560,000

### JCPA5 - Modify Towing Process

JCPA often encounters situations where vehicles need to be towed. Currently, JCPA contracts this service out to a private firm that does not utilize the City's Car Pound. To reduce the complexity of this process JCPA should streamline towing procedures and properly train JCPA dispatchers to act as facilitators. Implementing this recommendation would produce annual cost savings of over \$10,000, revenue increases of nearly \$15,000, and an increase of two FTEs.

### Jersey City Free Public Library

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The Jersey City Free Public Library is an autonomous agency that operates one main Library and eleven branches. The Library's management function has been outsourced to Library Systems Services Inc. (LSSI). Outsourcing the management function was and continues to be the right course of action for Jersey City. The Library lacked automation, training and leadership prior to LSSI's arrival. Our recommendations for additional improvement in the library system are as follows:

#### LIB1 - Eliminate the Community Awareness Series

The Jersey City Free Public Library began the Community Awareness Series (CAS) approximately 22 years ago as an educational series. Currently, CAS runs a cable television program, a jazz series, a number of cultural and ethnic events, and a selection of undetermined workshops. CAS operates with virtually no accountability or oversight, nor is there an annual financial plan to which CAS is held accountable. CAS duplicates offerings of the Cultural Affairs Division of the Department of Recreation, the event-planning arm of the municipal government. The Jersey City Free Public Library should eliminate the Community Awareness Series, thereby saving almost \$250,000 per year and a reduction of three FTEs.

#### LIB2 - Streamline Library Management and Operations

In 1999, Jersey City decided to outsource management of the Library because it recognized that the existing library management structure was in need of an overhaul. Library management, in an effort to limit LSSI's impact on decision making, hired additional management personnel, filling vacancies and creating new positions, while LSSI was renegotiating its contract with the Board. As a result, the library employs a parallel administrative staff that is unnecessary.

We recommend the following:

- The Director's job description and main function should be rewritten to include fund raising and development responsibilities.
- The two Assistant Director positions should be eliminated and replaced with two Program Coordinator positions.
- The Management Specialist position in the Budget Office should be eliminated after the current person in that position retires this summer.
- The positions of Director of Maintenance and Director of Capital Projects should be combined.
- The requirements for the Lending Librarian should be reduced from a masters degree to a bachelors degree.
- Consolidate departments such as the New Jersey Room and the Reference Room.
- Implement a performance measurement system that holds staff accountable.

Approximate Annual Savings: \$10,000  
Approximate Revenue Increase: \$15,000  
Staffing Change: Up 2

Approximate Annual Savings: \$250,000  
Staffing Change: Down 3

Approximate Annual Savings: \$135,000  
Approximate Revenue Increase:  
\$250,000 in year 1  
\$500,000 per year thereafter  
Staffing Change: Down 4

Implementing these recommendations would result in annual cost savings of nearly \$135,000 and an annual revenue increase of \$250,000 in the first year and \$500,000 per year thereafter. These recommendations would result in a reduction of four FTEs.

### **LIB3 - Close Under-Served Libraries**

The Library system operates seven small and storefront branches. The concept behind these branches is to respond to neighborhood needs for library services. These branches have fixed operating costs, which are incurred whether the facilities are used or not. Some of these branches have such low usage rates that it is very difficult to justify their costs. In the short-term, Jersey City Free Public Library should close the Pavonia and Pearsall Branches immediately for cost savings of more than \$195,000 a year and a reduction of five FTEs. In the long-term, they could also merge the West Bergen and Marion Branches.

Approximate Annual Savings: \$195,000

Staffing Change: Down 5

### **LIB4 - Renovate and Charge User Fees for Library Auditoriums and Other Space**

The library has auditoriums and other space that if renovated would better serve the community. Miller, Five Corners, the Main Library, and the Heights each have auditoriums or other space that is not used to maximum capacity. These facilities are used to varying degrees by the community at no charge, but if renovated and marketed to commercial, non-profit and private event planners, they could become revenue generators that would help defray the costs of the initial capital investment. The Library should make the necessary capital investments to maximize library facilities and should start charging fees for some usage. A conservative estimate of library facility usage (based on each facility charging for one event per week) at \$100 per event would result in revenues of more than \$20,000 annually. Implementing this recommendation would require substantial investment, which could come from existing debt authorization.

Approximate Revenue Increase: \$20,000

### **LIB5 - Replace the Main Library's Manually Operated Elevator with an Automated Model**

The Main Library's elevator is old and inefficient. The Library submitted a plan to replace the elevator to the City Council in the early 1990s. The City Council approved the expenditure in the Capital Budgeting Plan, but the project was never completed. Jersey City should replace the Main Library's antiquated manually operated elevator with an updated automated model. This would require an initial investment of \$450,000 and result in yearly cost savings of almost \$70,000 and the reduction of two FTEs.

Approximate Annual Savings: \$70,000

Staffing Change: Down 2

### **LIB6 - Outsource Courier Services**

The Library system often uses delivery services to deliver ordered books, inter-library loans, and internal mail between branches. Currently, the Library also has one internal employee providing courier services between the Library branches and other destinations within the City. Instead, the Library should hire an external firm to provide this courier service, thereby reducing personnel and equipment maintenance costs. Implementing this recommendation would result in cost savings of nearly \$45,000 per year.

Approximate Annual Savings: \$45,000

## **Department of Neighborhood Improvement (NID)**

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NID consists of two Divisions: Neighborhood Management and Housing Code Enforcement. The Division of Neighborhood Management focuses on quality of life issues. Neighborhood Management employs code enforcement officers (CEOs) to enforce City code related to animals, solid waste, and streets and sidewalks. The Division of Housing Code Enforcement focuses on responding to tenant complaints and completing “cellar-to-attic” inspections. A major portion of the Division’s time is spent responding to tenant complaints concerning heat and hot water issues. We recommend the following changes be made relating to NID:

Approximate Annual Savings: \$115,000

Staffing Change: Down 1

### **NID1 - Disband the Department of Neighborhood Improvement**

The two divisions within NID were housed in other agencies at one time. NID was created to bring together neighborhood related code enforcement operations. However, these two divisions would function better if housed in different departments. In addition, when the current Administration chose to create NID, they eliminated the Finance Department. Jersey City is legally allowed to have a finite number of departments; they are currently at the maximum number allowed by law. Although the operations of NID are helpful, Jersey City desperately needs a Department of Finance. This is a crucial department in any city and especially important in a city facing financial problems. Jersey City should disband NID and move the divisions to other City Departments. This would result in cost savings of nearly \$115,000 per year and the reduction of one FTE.

### **NID2 - Merge Division of Housing Code Enforcement (Division of NID) with Tenant-Landlord (Division of HEDC)**

Approximate Annual Savings: \$75,000

Staffing Change: Down 3.5

The Division of Housing Code Enforcement is currently one of two divisions housed under NID and is responsible for handling tenant complaints. There is substantial interaction between the Division of Housing Code Enforcement of NID and the Division of Tenant-Landlord Relations in HEDC. Although the divisions are not duplicating efforts, Jersey City should fold the Division of Housing Code Enforcement into the Division of Tenant-Landlord Relations of HEDC, thereby streamlining administrative work, reducing management needs, and allowing better communication among the different functions. Implementing this recommendation would result in cost savings of nearly \$75,000 per year and the reduction of 3.5 FTEs.

### **NID3 - Move Division of Neighborhood Management to the Police Department as a Civilian Unit**

The Division of Neighborhood Management is responsible for patrolling neighborhoods for code violations such as illegal dumping and handbill violations. It also manages contract employees from two nonprofit organizations who do manual sidewalk sweeping. The Division works closely with the Police Department’s Neighborhood Task Force Units (NTF). Jersey City should create a new division within the Police Department to house the current employees and functions of the Division of Neighborhood Management. In the future it may be possible to merge the supervisory roles of Neighborhood Management and NTF.

## **Department of Recreation and Cultural Affairs**

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The Department of Recreation and Cultural Affairs is split into two divisions responsible for a number of functions. The Division of Recreation runs a number of sports programs as well as operating a number of indoor and outdoor pools, an ice skating rink, and other facilities for after-school programming. The Division of Cultural Affairs' primary function is to provide programming for all City residents, including flag raising ceremonies, block parties, festivals, art exhibits, fairs, and parades, as well as many smaller events.

In addition to the programming offered by both Recreation and Cultural Affairs, the Department also provides various other services such as event transportation, planning and funding. All related functions including park maintenance are the responsibility of the Division of Parks with the Department of Public Works, while all programming within the parks is the responsibility of the Division of Recreation. However, these two divisions seem to work well together, despite the fact that they are housed in different Departments. The Department also been proactive in searching for ways to improve service delivery (the Special Events Package is one example). We recommend the following changes in the Department of Recreation and Cultural Affairs:

### **REC1 - Create and Implement a Citizen Survey**

Although the Division of Cultural Affairs has made some attempt to collect feedback after events, currently there is no systematic way to determine constituents' preferences for recreation related services. The current collection of information is sporadic and not extremely reliable. Therefore, there is no way to determine whether there are citizen recreation needs that they have not addressed, or if they are devoting too many resources on some current programming. The Department should create and implement a citizen survey related to parks and recreation activities that will allow them to determine if they are spending their scarce recreation dollars most appropriately. Implementing this recommendation will cost approximately \$45,000.

### **REC2 - Create Formal Funding Process for Nonprofit After-School Programs**

The Department of Recreation and Cultural Affairs' functions include youth programming. There are a number of after-school programs that are run by nonprofit groups independent of City government. Originally funded through the Mayor's Office, all funding for such groups is now funneled through the Department of Recreation and Cultural Affairs. In order to manage funding effectively and efficiently, the Department should create a formal funding process for after-school programs. This should include an application, application review and a performance review for each recipient program.

### **REC3 - Charge User Fees for Sound System and Show-mobile**

In addition to co-sponsoring festivals, the Division of Cultural Affairs supports events planned by other City departments and/or nonprofit organizations within the community. Recently, Cultural Affairs has also received an increasing number of requests for event support from private businesses. Cultural Affairs' support includes providing a stage, Show-mobile and/or a sound system. The Department should create a rental fee schedule for the sound system, stage and Show-mobile, and charge for events not fully sponsored by the City. The City could generate over \$6,000 a year in new revenue in this manner.

### **REC4 - Charge Fees for the Use of Buses and Vans**

Approximate Revenue Increase: \$6,000

Approximate Revenue Increase: \$13,000

The Department of Recreation has nine vans and seven buses used to transport people for the Department's programs and events, as well as other City department events. Nonprofit and other private groups are allowed to use the buses for separate events. Nonprofit and private users account for over one-third of the bus trips each year, but usually reimburse the City only for the salary of the drivers. The Department should create a fee schedule and charge nonprofit and private groups for the use of the buses and vans. We recommend at least \$75 per bus and \$50 per van. Implementing this recommendation could result in at least \$13,000 in increased revenue per year.

Approximate Revenue Increase: \$5,000

#### **REC5 - Charge User Fees for Outdoor Fields Used by Private Organizations**

Among its other duties, the Department of Recreation and Cultural Affairs coordinates field and indoor recreational area usage. The Division receives well over 100 requests per year for outdoor field usage from nonprofit groups, associations, public and charter schools, private corporations and businesses, but user fees are not collected. Jersey City has begun to charge user fees for the use of the new community centers, and should also charge user fees to private corporations for the use of outdoor fields. This would result in annual increased revenue of nearly \$5,000.

#### **Human Resources – Review of the Personnel Management Project for Jersey City**

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The State has asked us to review the personnel management project report that was completed last year. There are a number of important issues that should be considered, including:

- Whether the Jersey City personnel office engaged in any type of workforce planning activity.
- Jersey City's need to project future workforce needs through succession planning.
- Jersey City's lack of clear recruitment strategies.
- The need for specific provisions in labor contracts.

The City should do the following to facilitate a successful implementation of the recommendations outlined in the report:

- Put tracking systems into place to assure that the recommendations are being implemented.
- Require the personnel department to submit a work plan and plan of action to address each of the recommendations.
- Put incentives into place to assure compliance with the recommendations.
- Clarify the roles and responsibilities of the departments, agencies, personnel department and the State department of personnel.
- Commit necessary financial resources (in terms of dollars or FTEs) to the personnel department to assure that they have the capacity to implement these recommendations.

#### **Department of Health and Human Service**

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The Department of Health and Human Services (DHHS) is the primary vehicle for the delivery of essential public health services to the residents of Jersey City. In addition, to managing the federally funded Women, Infant and Children Program, DHHS provides the following services:

- Lead Poison and Immunization Clinic
- Preventive Medicine Clinic
- Sexually Transmitted Disease Clinic

- Tuberculosis Clinic – based on a contract with Hudson County
- Activities for Senior Citizens
- Health Fair
- Medical Identification Program
- Pre/Post Natal Clinic

Unlike other agencies where the team conducted detailed analyses, we were asked to simply scan at a high level the health services provided by Jersey City. As a result of our high level overview, we have identified a few areas of concern. Although DHHS is the primary agency delivering essential public health services to the residents of Jersey City, they could not provide us with a written list of those services. Like many other City agencies, DHHS did not appear to have a strategic plan. Although DHHS personnel seemed committed to their work, the background experience of a number of the personnel at DHHS is not health related. Further study is needed in a number of areas, including competency monitoring, public information provision, and grant management. We recommend that DHHS make the following immediate changes:

#### **HHS1 - Move the Office of Senior Affairs to the Department of Recreation**

The Office of Senior Affairs is one of four divisions in the Department of Health and Human Services. Most of the activities sponsored for senior citizens are recreational, including monthly trips to movie theatres, shopping trips, and local group outings. The Division relies heavily on the expertise of the Department of Recreation and Cultural Affairs for event planning throughout the year. The coordination between the two departments is sometimes as simple as borrowing Department of Recreation buses for transportation to and/or from Office of Senior Affairs' activities and events. The City should move the Office of Senior Affairs from the Department of Health and Human Services to the Department of Recreation and Cultural Affairs to maximize efficiencies related to event planning.

### **Next Steps**

The biggest challenge to implementing these recommendations will not be financial. It will be generating and sustaining the commitment of City leaders to undertake these projects and creating the climate where such changes are consistently supported over a substantial period of time. Recommendations, no matter how good, will not result in beneficial change if they are not supported by management and implemented in full.

Successful implementation of the recommendations will require the following:

- an ongoing commitment from City and departmental leadership;
- a strong, detailed, and realistic implementation plan;
- an understanding of and willingness to invest in change-enablement
- ongoing evaluation of the new direction and adjustment as needed.

To facilitate and expedite implementation, Jersey City should consider outsourcing the implementation of some of the recommendations included in this report.

## Further Areas for Study

Our scope of inquiry in this project was limited to the areas that the State believed were most likely to generate helpful recommendations. However, in addition to the help Jersey City will need implementing the recommendations in this report, we believe that there are many more areas to be considered for improvement in Jersey City. We suggest that additional study in the following areas might produce substantial results for Jersey City:

- Law Department
- Risk Management
- Municipal Utilities Authority (MUA)
- Department of Health and Human Services (DHHS)
- Department of Public Works (DPW)
- Fire and Police Department Procurement Systems
- Mailroom and Printing Operations

## Conclusion

We believe that Jersey City is at a crossroads. Impressive new development in the City has given Jersey City an opportunity to reinvent itself and to bring a new wave of prosperity and an enhanced quality of life to its citizens. However, current systems and practices are often inefficient. It will take bold and committed leadership to make the changes needed to bring the management and services of Jersey City to the level that its residents and visitors demand from a successful urban community.

# Introduction

## The State's Role in Jersey City

In 1999, the State of New Jersey Department of Community Affairs, Division of Local Government Services reinstated its Distressed Cities Program to address the ongoing financial difficulties facing a number of New Jersey's largest cities. This program was designed to help these cities balance their budgets by giving them direct state financial aid, and to help them to improve their operations and financial management practices in the hopes of making them self-sufficient.

The City of Jersey City was on the original Distressed Cities list in 1999. In addition to direct state financial aid, the Division of Local Government Services has provided Jersey City with management assistance for the past year and a half. Internal State analysts conducted financial and operational audits of several of Jersey City's core functions. The State analysts focused their efforts on the Fire and Police Departments, the City's Information Technology support systems and the use of the City's bonding authority. The auditors recommended methods for how Jersey City could manage their operations better in these areas.

In order to ensure that Jersey City would correct their operational inefficiencies, the State signed a memorandum of understanding with the City that made compliance with the recommendations a condition for receiving additional State aid. The State also instituted a hiring freeze for all Jersey City departments, agencies and authorities until such terms were met.

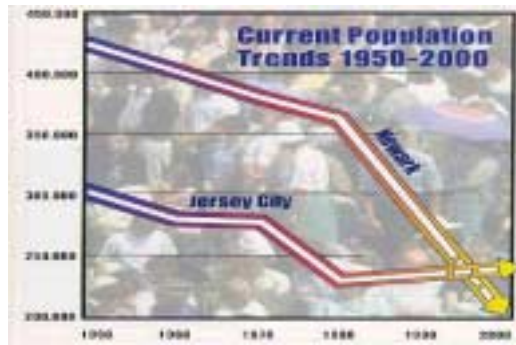
## Background of Jersey City

Jersey City was formed from what was initially the Township of Bergen in the County of Bergen. In 1838, New Jersey State Legislature adopted an act creating a separate city with an independent government for Jersey City. Situated directly across the Hudson River from the lower tip of Manhattan Island, Jersey City occupies a land area of approximately 21 square miles including six miles of shoreline. Jersey City is, in effect, several cities and towns combined into one. The City is a densely populated urban area with three distinct commercial centers or "downtowns" (Journal Square, Exchange Place and Grove Street). Despite its proximity to New York City, Jersey City has not always enjoyed prosperity. In fact, like many urban areas, Jersey City suffered from significant deterioration during the 1970s and 1980s. During this period, the City lost businesses and owners abandoned buildings.<sup>1</sup>

Currently the second largest city in the state of New Jersey, Jersey City has a population of 228,537. The population density is 15,369 persons per square mile compared to New York City's 23,320 persons per square mile. Jersey City experienced a population decline that leveled off in the 1960's, peaked in 1980 and finally turned around in the 1990's.

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<sup>1</sup> Even today, in the midst of an economic boom in Jersey City, there are still approximately 4,886 vacant properties in the City with a total assessed valuation of an estimated \$365 million dollars. This represents 11% of all property in Jersey City.



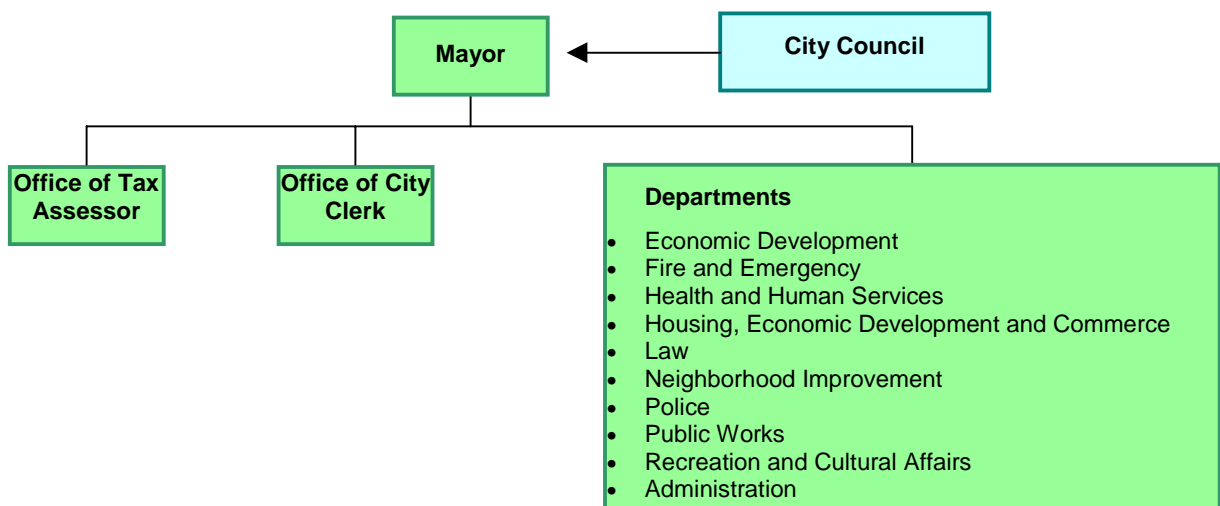
From Jersey City's web site, <http://www.ci.jersey-city.nj.us>

Jersey City's rebound can be attributed in part to the economic expansion that has occurred along its waterfront. Jersey City has attracted a number of new waterfront developments, outpacing Manhattan for new construction of commercial office space.

### Jersey City Government

Jersey City, a municipal corporation organized under the laws of New Jersey, was incorporated in 1820. In 1961, Jersey City citizens adopted a new Charter that established a shared leadership form of government between the Mayor and City Council. This new Charter gave comprehensive home rule powers to the City as well as all other powers conferred by the New Jersey State Constitution, subject only to the limitations contained in the Charter and State Law.

The Charter provides for an Executive Branch headed by a mayor elected by general election for an initial period of four years. Jersey City does not have term limits. The Mayor, with the approval of the City Council, appoints a City Administrator and the Directors to the City's nine departments. No more than nine departments, not including the Department of Administration, are permitted under New Jersey State Statute 40:69A-43 while the Office of the Tax Assessor and the Office of the City Clerk are statutorily required offices. The chart below shows the City's current organizational structure and list of departments.



The City's Legislative Branch consists of a nine member City Council, one member elected from each of the City's six wards for a four-year term. The other three members are elected at-large. The members elect the President of the City Council for a one-year term. The City Council has the following powers:

- Adopting all ordinances and resolutions
- Reviewing, revising and adopting the municipal budget
- Making appropriations
- Levying taxes
- Authorizing bond issues
- Providing for the internal structure of the local government and
- Establishing general municipal policy

Every City Council ordinance or resolution is subject to veto by the Mayor. In order to override a veto, a further affirmative vote of two-thirds of the City Council is required.

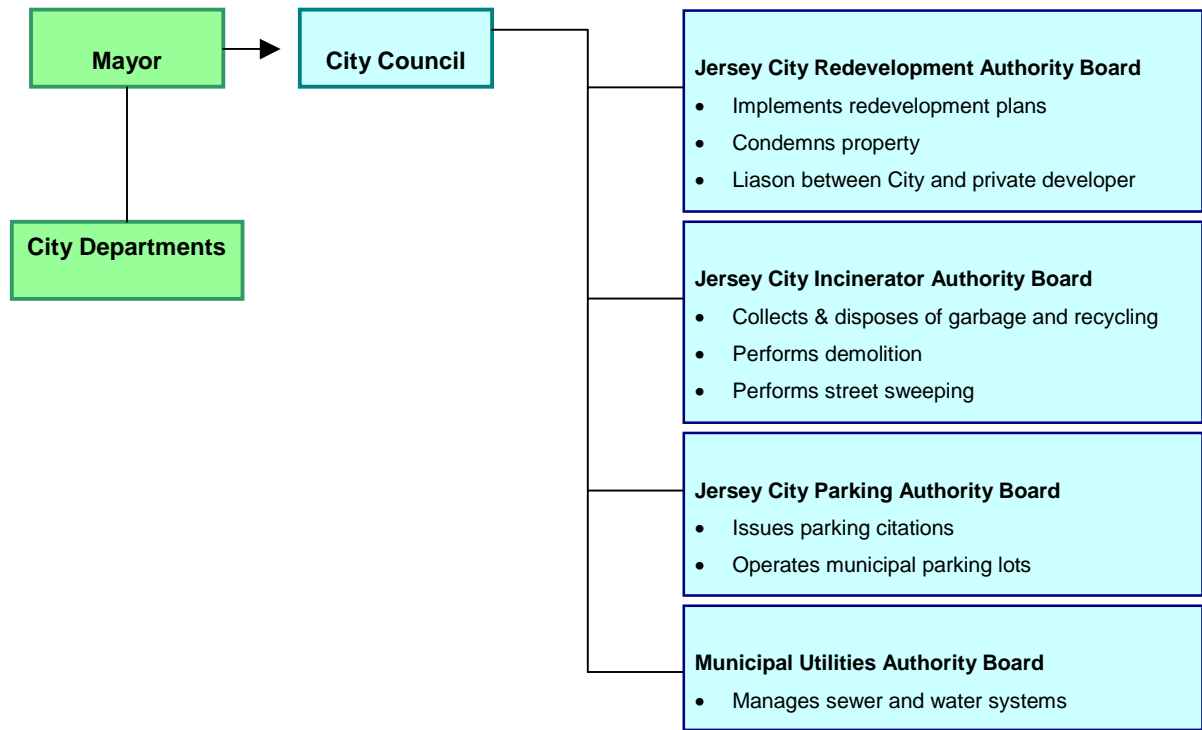
In addition to traditional municipal departments, New Jersey State Legislation authorizes cities to have a number of public authorities to handle specific discreet functions. For example, a 1948 New Jersey law authorized the creation of Incinerator Authorities to operate trash incinerators. These authorities have substantial autonomy and bonding powers. Jersey City created an Incinerator Authority in 1950 with the intention of building an incinerator although none was ever built. As a result, the Jersey City Incinerator Authority (JCIA) gradually took over other responsibilities, including core functions such as snow removal and trash pickup, which was permitted under the broad enabling legislation.

These authorities report to boards of directors who are appointed by the Mayor with the advice and consent of the City Council. Currently, Jersey City has four major authorities: JCIA, the Jersey City Parking Authority (JCPA), the Jersey City Municipal Utilities Authority (MUA) and the Jersey City Redevelopment Agency. It also has a separate board for its library, which while nominally a City agency, has much of the same powers as an authority.

While these authorities are not within the traditional reporting scheme of other City departments, the City does maintain some level of control over their activities because most of the authorities still require subsidies from the City Council to operate. However, if an authority operates self-sufficiently, the amount of control that elected officials actually have over it decreases dramatically.<sup>2</sup>

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<sup>2</sup> This can be problematic because many of the revenue generating capabilities of the City are Authority functions. For example, the MUA, which does not rely on City appropriations, still controls the revenues generated from their water and sewer operations for the City.



### Andersen's Role

This report was prepared by Andersen's Office of Government Services (OGS). OGS is a component of Andersen's global professional services firm (consisting of more than 85,000 personnel in 385 locations in 84 countries). Andersen established the Office of Government Services (OGS) in 1994 with the goal of importing relevant private sector business solutions to public sector clients. Headquartered in Washington, DC, OGS is comprised of more than 200 professionals providing a full range of management consulting services in the areas of strategy, people, process and technology. OGS delivers Andersen's industry services and resources to assist government organizations at the local, state and federal levels in achieving their goals.

OGS was hired by the New Jersey Department of Community Affairs (DCA) to conduct an operational and performance analysis of a number of Jersey City's governmental functions with four overall goals:

1. Provide DCA and Jersey City with an independent and objective assessment of the financial and operational challenges facing Jersey City.
2. Identify ways for Jersey City to provide needed city services in an efficient and cost-effective manner that will cut operating costs and increase revenues. This will allow Jersey City to reduce its reliance on outside aid and increase the City's overall fiscal health.
3. Provide concrete recommendations for broad, cross-cutting business process reforms that would help Jersey City build a solid business foundation and move toward best-in-class public management and service provision practices.
4. Produce a document that would be useful not only to DCA in its review of Jersey City but also would be useful to others. We hope that all key stakeholders including the State, the current Jersey City Administration, the new Administration to be elected this Spring, and the leadership of the various Jersey City authorities – can use this document as a blueprint for reform.

Specifically, DCA asked Andersen to review the following agencies and programs in order to identify more efficient methods of operation, save the taxpayers money and provide ideas for enhancing service delivery.

- Housing, Economic Development and Commerce (HEDC)
- Jersey City Redevelopment Authority (JCRA)
- Procurement and Purchasing
- Jersey City Free Public Library (Library)
- Jersey City Parking Authority (JCPA)
- Jersey City Incinerator Authority (JCIA)
- Department of Neighborhood Improvement (NID)
- Tax Abatements
- Revenue Enhancement
- Recreation
- Human Resources
- Health Services

DCA requested a full review of each of these areas with the exception of Human Resources and Health Services, for which DCA asked OGS to review existing reports and to provide a scan of services.<sup>3</sup> This list of agencies was expanded with DCA approval during the course of the engagement in order to provide a more comprehensive review of various City activities. For example, Andersen proposed conducting a review of the City Real Estate function after we noted a lack of clear real estate planning across agencies. And, we met numerous times with the Department of Public Works to determine overlap in service provisions with JCIA, Recreation and other agencies. Finally, we found that our focus on Revenue Enhancement could be applied to a number of agencies and we therefore incorporated our search for ways to maximize revenue into all agency and program-specific reviews.

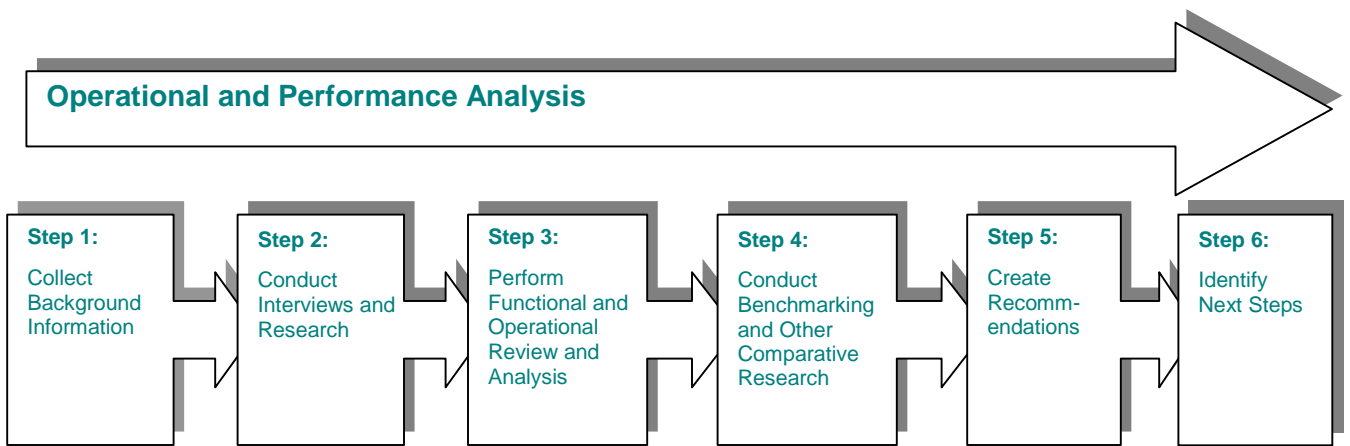
## **Project Methodology**

Andersen was tasked by the New Jersey State Department of Community Affairs (DCA) to review a number of Jersey City Departments, Authorities and Agencies. DCA determined the specific municipal entities and the level of analysis or the depth of review required. The first and most frequent level of effort was a review of specific City agencies and authorities. The second, was a higher level analysis of Health and Human Services. The final and least in-depth review involved reviewing a plan that had previously been written for the Personnel Office.

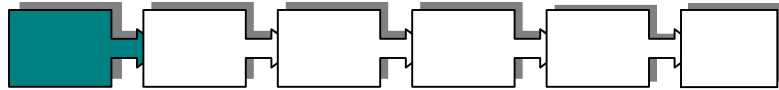
Andersen applied a comprehensive methodology in order to assess the current state of efficiency and effectiveness within each entity and provide recommendations for future improvements. The following graphic is a step-by-step narrative of the method used to execute this level of Assessment.

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<sup>3</sup> We were not tasked to review the Jersey City Police or Fire Departments because reviews had already been conducted for DCA.

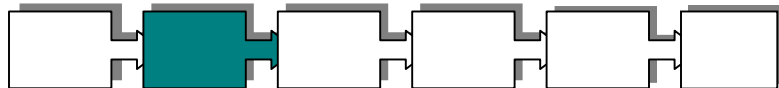


The following paragraphs describe our project methodology in more detail.



### Step 1. Collecting Background Information

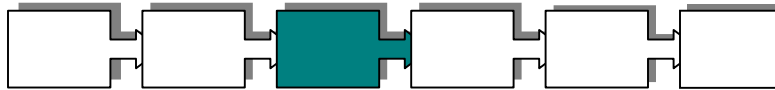
The Andersen team spent the first several days of the project collecting background information on the City of Jersey City. Initial document reviews included information provided by the State as well as independent research by the Andersen team. These documents included historical data, current events, and other contextual information that helped us to understand the current state of the City of Jersey City. Collection and review of these documents also allowed more precision in determining the scope and structure for the data gathering interviews.



### Step 2. Conducting Interviews and Research

After the initial collection of background information, we conducted over 50 interviews with Department and Authority Directors and other relevant management throughout the City.<sup>4</sup> These interviews enabled us to gather information regarding the current state of Jersey City's Departments and Authorities. The interviews also helped us to identify additional issues and complexities surrounding Jersey City's core challenges. During and after these interviews we requested relevant financial information, planning materials, organizational structure charts, and functional and operational data for further detailed reviews.

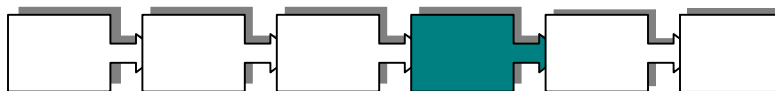
<sup>4</sup> See Meeting List in Appendix.



### **Step 3. Perform Functional and Operational Review and Analysis**

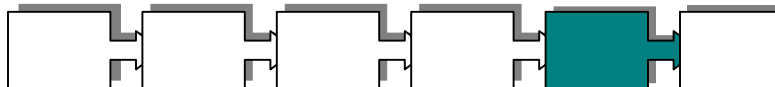
After completing the initial data collection, including personal interviews and supporting documentation, we began an in-depth analysis of each Department and Authority. Specifically, our focus was on identifying key functions and operations, as well as analyzing current financials and the budgetary situation. With this information, Andersen identified areas of concern and/or areas with room for improvement, in terms of efficiencies and effectiveness. Finally, we compared and contrasted the different Departments and Authorities within the City government to highlight duplication of efforts, inefficiencies that may be prevalent throughout the City, and best practices that could be emulated within other Jersey City Departments or Authorities.

Additional follow-up conference calls, meetings, and document requests were often necessary to fill in missing information. This targeted effort required cooperation from the managers across Jersey City government. In some cases, we also met with the City Business Administrator.



### **Step 4. Conducting Benchmarking and Other Comparative Research**

We next began to identify appropriate benchmarking partners and best practices to compare with Jersey City. Our benchmarking research began with using our Global Best Practices Database, Andersen proprietary Knowledge Space, and numerous other sources. Information from a multitude of cities that had similar characteristics such as population, industrial base, and municipal budget, as well as other municipalities within the State of New Jersey provided a framework for comparison. We also contacted nonprofit organizations and businesses to investigate appropriate private sector best practices with applicability to city government. We made over 100 benchmarking contacts in total, and used an extensive amount of other relevant benchmarking data.

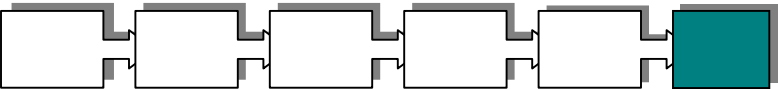


### **Step 5. Create Recommendations**

After reviewing and analyzing the information and data collected from City staff and from benchmarking and best practice research, we formed recommendations to improve efficiency and effectiveness throughout the City. In some cases, the recommendations are specific to Departments and Authorities. In other cases, they are cross-cutting recommendations that effect numerous Departments and/or Authorities. All of the recommendations are intended to improve performance throughout the City and each describes the financial implications attached to the individual recommendation. Each recommendation was written in a manner designed to limit readers' need to read the entire document. Therefore, information such as departmental descriptions may be repeated in

some sections. The report also describes projected cost savings, increased revenue, and needed investment in as much detail as possible within the constraints of the information available.

Upon completion of the recommendations, we discussed our general findings and recommendations with top department, agency and authority management as well as Jersey City's Business Administrator. During these meetings, we asked the City to comment on the accuracy of the findings and recommendations and to identify potential concerns. Andersen took the results of these meetings into consideration and in several instances modified the recommendations to address these concerns.



**Step 6. Identify Next Steps**

Finally, we addressed implementation issues. Creating recommendations is only the first step towards realizing true performance improvement, efficiency gains, and cost savings. We identified next steps toward implementation and highlighted the importance of investment by the City as crucial to the future success of Jersey City. We also identified what we believe are other areas within the Jersey City government where comprehensive examination could prove valuable.

## General Findings

### Jersey City's Strengths

After spending nearly four months studying Jersey City government's operations and financial state, Andersen's assessment of the City government is mixed. Overall, the management staff is committed and hard working. However, there are many areas where Jersey City government operations are run inefficiently and without sufficient planning.

The Jersey City government and municipal entities that we evaluated have reason to be proud in many respects. Management employees were usually very open to working with us and to considering new ways to improve their operation's efficiency and effectiveness. In some cases, we found management practices in Jersey City that surpassed operations in other cities. In addition, while we are well aware of the controversy surrounding tax abatements and neighborhood redevelopment, the increase in economic development in Jersey City is impressive.<sup>5</sup>

Jersey City is attempting, in some areas, to modernize its operations. It has moved toward privatizing some of its non-core governmental functions in recent years. The most innovative example of this is the library system's outsourced management. A number of departments have also started to explore implementing Performance Measurements. While these efforts are still the exception rather than the rule and few have been easy or completely successful, these initiatives are movements in the right direction.

### Current State of Jersey City

Financially, Jersey City is struggling and has been running a deficit regularly for the last several years (excluding state subsidies).<sup>6</sup> In the last two years, Jersey City has received nearly \$20 million dollars in Municipal Distressed Cities Aid from the New Jersey State Department of Community Affairs.

Over the past four years, the City has maintained an average annual budget expenditure of \$293 million dollars. The Jersey City Incinerator Authority, Fire and Police Departments are consistently taking the lion's share of the City's budget, costing \$26 million, \$47 million and \$75 million in FY2000, respectively. On the revenue side, the City's income spiked slightly in FY2000 due to an increase in special private and public funding grants (which appear to be largely one-time transportation grants).

Some of Jersey City's financial problems are caused by structural constraints beyond the City's control. Under New Jersey tax structure, Jersey City is restricted in its ability to generate new revenues. For example, Jersey City, like all municipalities in New Jersey, is currently prohibited from levying an income or sales tax and is essentially reliant on

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<sup>5</sup> City officials point out that Jersey City has at least the same amount of Class A office space under construction as New York City even though it is one-third the size.

<sup>6</sup> FY 2000 seems to be an exception to the general pattern of deficits. This may be caused by a series of one time occurrences, including an influx of unexpected grants, some cancelled appropriations at the end of the year, and a cut in pension payments. Interview with L. Cotter, February 20, 2001.

municipal property tax. While the City is benefiting from substantial new development, revenue growth is limited by property assessments that are out of date.<sup>7</sup>

Despite fiscal distress, Jersey City's economy as a whole has gradually improved, partly as the result of economic development initiatives over the past 10 years. In the past three years alone, the City has welcomed financial heavy hitters such as Charles Schwab, PaineWeber and Goldman Sachs to new office buildings on the waterfront. Jersey City has been very aggressive in its efforts to bring commercial businesses to the area, and City officials hope this growth will bring employment opportunities and a sense of pride to all of its citizens.<sup>8</sup>

While New Jersey State tax structure makes it difficult for cities like Jersey City to balance their budgets, Jersey City's problems are aggravated by poor management. This problem continues today in a number of agencies and functions. We identified the following general areas where we found structural weaknesses or managerial problems that we believe make it much more difficult for Jersey City to succeed:

1. Organizational Structure
2. Strategic Planning
3. Performance Management
4. Cost Allocation
5. Financial Management

#### **1. Organizational Structure**

The Jersey City government has evolved over time into a complicated, often confusing amalgamation of departments, divisions and authorities. Due to some nuances in New Jersey law and a history of low performance in some areas of the City government, Jersey City has developed several very unusual ways of organizing its government.

The most obvious example of this phenomenon is Jersey City's extensive use of semi-independent public authorities to perform key functions. Unlike most cities in New Jersey, trash collection, snow removal, parking enforcement, and street cleaning are not performed by Jersey City Government departments. Instead, services such as these are performed by the Jersey City Incinerator Authority (JCIA), the Jersey City Parking Authority (JCPA), the Municipal Utilities Authority (MUA), and the Jersey City Redevelopment Authority (JCRA). These authorities are public entities that do not report directly to elected officials, but to their own Board of Directors who are appointed by the Mayor with the approval of the City Council.

This use of the authorities has both solved and caused many problems for Jersey City over the years. Historically, many functions of Jersey City government have been moved to the authorities at times when the departments within the City government were unable to carry

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<sup>7</sup> Jersey City has not conducted a City-wide property reassessment many years. This means that the City is not reaping the benefits of the spillover from the enhanced property values in the City. While the City is not legally prohibited from reassessing property, a reassessment could result in increasing taxes for some residents five or ten times the amount they are currently paying. City leaders believe that such a result would be politically and economically unacceptable to the vast majority of Jersey City residents. The City cannot change the tax rate without Hudson County's agreement.

<sup>8</sup> Another factor in Jersey City's economic development success is the Hudson County and State investment in an extensive transportation system that connects Jersey City with many surrounding communities. The Port Authority Trans Hudson (PATH) subway line links Jersey City to Hoboken, Harrison, Newark and to both Downtown and Midtown in New York City. The Hudson-Bergen Light Rail Transit System's 7.5 miles of rail has been under constant expansion, and with growing support from other county officials, it will continue to do so. These economic trends describe Jersey City's fiscal situation and highlight the significant need for high level strategic and financial planning.

them out effectively. The areas of management that were most lacking were standard public works functions such as trash collection, street sweeping, and snow removal. These functions were transferred at various times to JCIA because the Department of Public Works was perceived as being unable to adequately perform these tasks.

While moving some of these services out of the traditional government structure has allowed for improvements in service delivery, these modifications/enhancements have come at a cost in terms of public accountability, fragmentation of services, moving spending 'off-budget' and avoiding state spending caps.

### **Loss of Accountability**

One of the problems with authorities performing traditional city services is a loss of public accountability. Although the Mayor retains the power to appoint members to the authorities' Boards, in reality these organizations run with little oversight from elected officials. The City's power to influence the Authorities is derived from budget subsidies that the authorities often require from the City. Since JCIA needs a multi-million dollar annual appropriation from the City to operate, this authority may be responsive to elected officials (at least during the budget season). However MUA currently does not need City funds on an annual basis, and JCPA should, with management reforms, be able to run without an appropriation. When there is no annual appropriation, the accountability of these authorities to the public and elected officials may decline.

### **Fragmentation**

The fragmentation of various functions in Jersey City is cause for concern. Often, a single function is provided by more than one, and sometimes several different departments and or independent agencies within the City. Examples of inefficient fragmentation in Jersey City include fleet maintenance,<sup>9</sup> snow removal<sup>10</sup> and real estate management. Fragmentation is problematic because it often results in duplication of services as each individual authority struggles for tax dollars, revenues, and prominence. Fragmented services are also hard to evaluate because of a lack of clear accountability. In addition, a convoluted division of functional responsibility hampers communication between agencies.<sup>11</sup>

### **Moving Spending 'Off Budget'**

Transferring important government functions to authorities also allows much of the City's real spending to go "off-budget." Generally, City spending is broken down in the budget to show where and how tax dollars are spent. This provides transparency to the public and encourages true debate about spending priorities. However, the authorities' budgets appear as single line item appropriations without further detail on expenditures. As a result, the authorities avoid much of the public scrutiny during the budget process.

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<sup>9</sup> Currently, the Department of Public Works, JCIA, JCPA are maintaining vehicles and purchasing supplies for their own fleet separately. All of these operations consume a significant percentage of each agency's budget.

<sup>10</sup> The snow removal process calls for more than four different agencies to dedicate resources to removing snow, regardless of the level of snowfall. Despite these numerous resources the City also retains a private contractor for snow removal services. Cities surrounding Jersey City generally limit snow removal activities to two Departments.

<sup>11</sup> JCIA and JCPA have sighted these issues in coordinating the street sweeping schedules. Also, even with Jersey City's recent economic successes, developers have expressed dissatisfaction with communication between Housing, Economic Development and Commerce (HEDC), Jersey City Redevelopment Authority (JCRA), and the Economic Development Corporation (EDC).

### **Avoiding Spending Caps**

Shifting much of the City's spending to Authorities also enables Jersey City to avoid spending caps.<sup>12</sup> While one could argue that this is a necessary device to allow the City to meet the community's basic service needs, the City should fix rather than circumvent any dysfunction in the current system.

We believe that Jersey City should, as part of a strategic planning process, take a fresh look at how its agencies and authorities should be structured to best meet residents, businesses and visitors needs.<sup>13</sup> For example, in the long term, it might make sense to combine functions at JCIA and DPW.

## **2. Strategic Planning**

Jersey City government is suffering from a lack of planning at all levels. There appears to be no overall vision for the future of the City (with the notable exception of community planning and economic development). Nor are there articulated goals for the government or any comprehensive planning about how such goals would be achieved.

The individual agencies, departments and authorities have not established visions or strategies for achieving their goals.<sup>14</sup> This lack of planning is particularly acute in the City financial function. Due in part to the lack of a central Finance Department, an inadequate amount of resources are devoted to financial planning. Acceptable financial planning would include revenue and expense projections, citizen needs assessments, and capital investment planning. Without these plans, Jersey City tends to focus almost exclusively on current needs as opposed to the achievement of long-term goals.

The table on the following page describes the type of strategic planning process that Jersey City should consider. There are a number of ways to design and implement strategic planning processes. Currently, the following five recommended steps: assessment, vision and mission statements, strategic objectives, action plan, and evaluation, are all missing from Jersey City operations. Each individual step in the process can help Jersey City create a more formalized and structured planning process. It is important to note that strategic planning is not a one-time event, but rather an ongoing process that continually looks to update and reevaluate an organization's vision, mission, objectives, goals, strategies and tactics.

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<sup>12</sup> This ability to evade spending caps comes from the fact that in addition to spending the City's appropriation, most authorities also have the ability to raise substantial funds from fees or fines. This money goes directly to the authorities without passing through the City. If there were no authorities, this money would be added to the City's revenues and to the City's expenditures, which could violate spending caps.

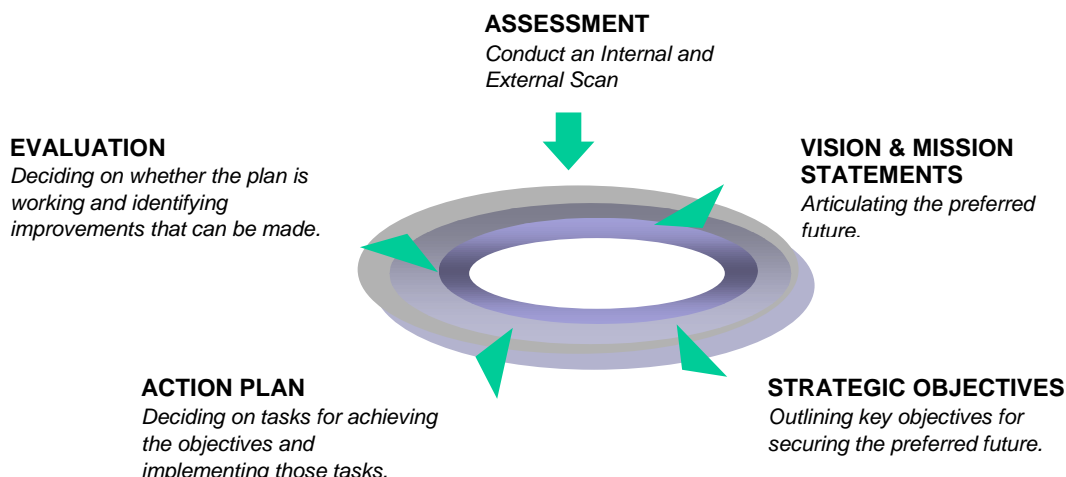
<sup>13</sup> In the section of this report containing our specific recommendations, we give some suggestions for organizational restructuring, such as combining a division of the Department of Neighborhood Improvement (NID) with the Landlord Tenant Division of the Department of Housing, Economic Development and Commerce.

<sup>14</sup> One notable exception to the lack of planning throughout Jersey City is the Snow Removal plan compiled by JCIA. While we have some concerns about the specifics of the plan, it is a model for how other Jersey City entities should be thinking proactively about planning.

### Steps to a Continuous Strategic Planning Process:<sup>15</sup>

- **Assessment** – The first step of the process is to conduct an internal and external scan. This allows a complete picture of both internal and external strengths, weakness, opportunities and threats.
- **Vision and Mission Statements** – Vision and mission statements help to clarify the City's preferred future state. The vision statement focuses on an overall picture of the future, while the mission statement describes the primary goals and functions of the organization (either the City at large or a given Department).
- **Strategic Objectives** – Outlining strategic objectives helps to clarify City and/or Department priorities.
- **Action Plan** – The Action Plan details the specific actions needed to realize the plan set forth in the previous steps. The action plan delineates functions and decides who (or what sub-organization) is accountable for each individual step toward achieving the overall objectives.
- **Evaluation** – Evaluation is a major component of successful strategic planning. Goals and methods by which the organization is attempting to achieve success should be evaluated regularly. The evaluation stage offers an opportunity to begin identifying areas in need of additional improvements and/or greater focus. As a result, Evaluation leads directly back to the Assessment stage.

### Continuous Strategic Planning Process



### 3. Performance Management

Jersey City does not currently manage its operations using a performance management framework.<sup>16</sup> This means that the City allocates department funds without considering current performance levels and without instituting methods to measure performance or encourage future performance improvements.

A meaningful performance management system assists government officials and citizens in identifying financial and program results, evaluating past resource decisions, facilitating qualitative improvements in future decisions regarding resource allocation and service

<sup>15</sup> These steps were compiled from a number of different strategic planning resources. Specifically, relying heavily on, Tips for Effective Strategic Planning, HR Magazine by Christine Keen.

<sup>16</sup> To its credit, Jersey City is aware of the need to develop a culture of performance management. It has instituted a pilot project in Performance Management in NID. However, this initiative is moving slowly and needs to be done on a much more aggressive and comprehensive basis.

delivery options, and communicating service and programs results to the community.<sup>17</sup> The Government Finance Officers Association (GFOA) recommends that financial, service, and program performance measures be developed and used as an important component of decision making and incorporated into governmental budgeting.<sup>18</sup>

Lack of a performance management culture in Jersey City makes it very difficult to operate efficiently. For example, Jersey City's Procurement and Purchasing Division is responsible for the acquisition of over \$150 million in goods and services. Yet the purchasing agents' current goal, as a result of understaffing, focuses on processing purchase orders in the absence of finding the best prices available (e.g. quantity rather than quality). Good performance measures would provide the Division with an argument for increasing staff and would provide the City with a method to assess the request. These standard performance measures would improve departmental efficiency and would provide the City with a quantifiable budget allocation rationale.

We believe that Jersey City would benefit from implementing a performance management system that includes:

- Investing more in systematic planning, starting at the City-wide level and cascading down into Departments
- Setting measurable performance goals to understand the results of financial investments
- Setting and enforcing clearer performance expectations for staff at all levels
- Investing in and enforcing standardized, written procedures
- Conducting more formal, regular performance assessments to improve the operations of business units delivering less-than-expected results

In order to become more performance based and outcome oriented, Jersey City will need to implement a strong performance management framework over the course of the next year. Establishing the performance management system will entail designing and executing a detailed process with clearly delineated roles and responsibilities at both the City level and within Departments for managing performance in a more outcome based manner. Such a system will also entail identifying and using performance measurement in goal setting and general operations.

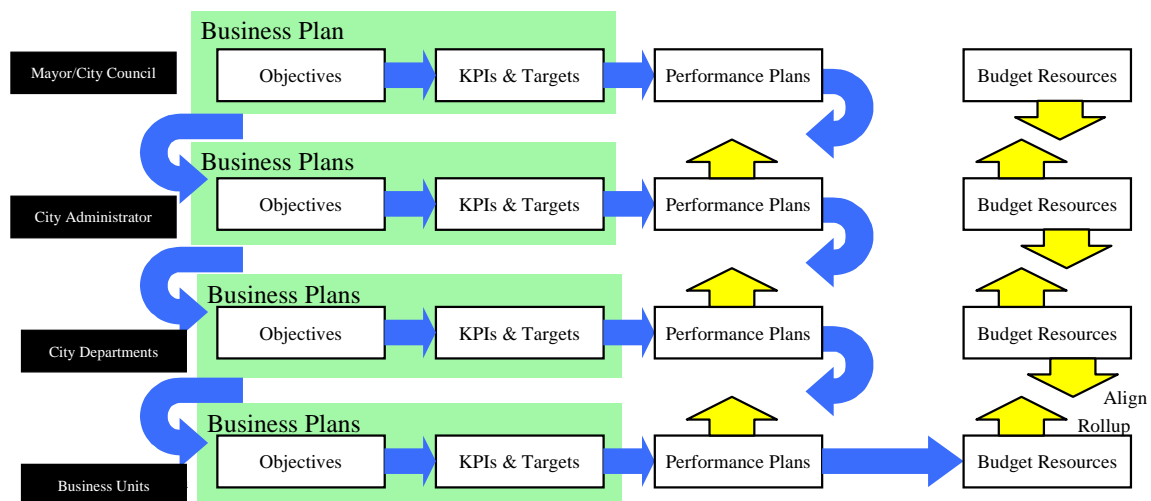
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<sup>17</sup> Phoenix, Arizona has instituted a Performance Management Program that focuses on three types of measures: customer satisfaction, output, and comparative/competitive measures. Since 1985, Phoenix has conducted a citizen survey, regarding the results not as a tool with which to punish workers but as an opportunity for problem solving. Between 1991 and 1993, 500 positions were eliminated, while survey satisfaction indices continue to rise. Benchmarking and Performance Measurement, Government Finance Officers Association Training Manual. Article insert: State of the Art: Managing for Results: Advancing the Art of Performance Measurement, Government Finance Review. June, 1996.

<sup>18</sup> Recommended practices for State and Local Governments, approved by Government Finance Officers Association, March 1999.

### Steps to Establish a Performance Management System

- **Develop Business Plan** – All levels of the City government from the Mayor's office down to the operational unit need to develop business plans. Each business plan contains a set of objectives describing the way that department will contribute to achieving the overall strategic vision of the City. A business plan also will identify Key Performance Indicators (KPI) and targets that define success at achieving the objectives defined in the Business Plan.
- **Develop Performance Plan** – All levels of the organization then develop performance plans to define the action steps necessary to achieve the objectives and KPIs. Performance plans at one level in the organization are cascaded down and become the objectives for subordinate business plans, beginning the process of developing the business plans at the next level down in the organization. The cascading process is repeated from the Municipal government level down to the operational unit. Business and performance plans become increasingly detailed and more tactical as they cascade down to the departments and operational units within those departments.
- **Incorporate Plans** – At the operational unit level, performance plans are initially used to estimate the resource requirements for budgeting purposes. Budgets and detailed performance plans are consolidated progressively (rolled up) at each level to ensure that the sum of the subordinate plans achieves the objectives and predicts resource requirements for the organization as a whole. This is an iterative process. See the following chart for a visual representation of this process.



For a more detailed discussion of how Jersey City could implement a performance measurement system, see “Developing a Performance Management Framework” in the Appendix to this report.

#### 4. Cost Allocation

Lack of cost allocation practices throughout the City is cause for concern.<sup>19</sup> Cost allocation assigns the full and appropriate costs of an activity to a given function. Ideally, all costs associated with a specific service should be easily ascertained and evaluated. In Jersey City, however, it is virtually impossible to estimate the true costs of a specific service or program because the City makes few attempts to allocate costs correctly. Failure to allocate costs appropriately causes a number of operational and financial problems for Jersey City:

- There is no incentive to cut, control or manage costs because no one monitors full costs of services;
- It is difficult to assess the true cost of service provision;

<sup>19</sup> Although none of the City Departments currently allocate costs in any formal manner, JCIA allocates some costs in order to make internal management decisions about the service levels.

- There is a lack of financial accountability, and
- Jersey City is unable to compare performance across divisions or departments, or with other cities.

A good example of the City's failure to allocate costs relates to the City's real estate operations. Currently, there is no systematic way to assess whether or not individual departments are utilizing space efficiently or if they are properly conserving energy. A proper cost allocation system would show how much it costs the City to house each department. This cost would then be charged back to the individual departments, and the City would allocate operational funds to the department to cover these costs. For example, the Department of Neighborhood Improvement (NID) which is housed in a City building on Palisades Avenue, currently does not pay rent to the City. NID's budget would include a specified line item for rent under a cost allocation system. The City would charge fair market rent for City owned property or lease expenses for rental property. As a result of highlighting this expenditure in a cost allocation system, NID would be compelled to closely monitor its utilization of space, because each additional square foot of under-utilized space whether City-owned or rented becomes an unnecessary expense.

Similarly, the City should analyze electrical use. Currently, City Agencies are not charged for energy usage. As a result, Agencies are not penalized or rewarded for excessive or conservative energy use. Under a cost allocation model, an Agency would receive a budget allocation for energy costs annually, and the City would charge them back for energy usage on a monthly basis. If Agencies were careless about energy conservation and exceeded their energy budgets, they would have to find the money to cover the costs, thus motivating them to cut back in other areas. The City's lack of cost allocations does nothing to incentivize departments to turn the lights off at the end of the day. Under the current system, facility costs are not reflected in the department's budget and remain excluded from perceptions of performance.

To rectify this situation, Jersey City should implement Activity Based Costing (ABC). *Activity-based costing is a budgetary method that measures cost and performance of activities and objects. It assigns costs to activities based on their use of resources and to products or to customers based on their use of activities. It recognizes the causal relationship of cost drivers to activities.*<sup>20</sup>

ABC methodology can be implemented gradually and in a number of different ways. For Jersey City, the first steps towards implementing ABC may be to "charge back" Departments for their cost contribution. For example, if a Department occupies one-third of a City owned building, their budget should reflect one-third of the facility costs for the building. DPW maintains vehicles for most of the City's fleet including the Department of Recreation's buses. Currently, the Department of Recreation lends its buses at no charge to other City, not-for-profit and private entities. At the very least, the Department of Recreation should charge the borrower fees to cover costs. In order for the Department of Recreation to make a rational resource allocation decision when considering renting their buses, client departments should be charged the full costs associated with each rental incident. The Recreation Department should be aware of the additional vehicle maintenance and gas costs associated with excess usage through charge backs for all maintenance costs from DPW. In turn, the Recreation Department would include maintenance and gas costs in the rental price of their buses.

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<sup>20</sup> An ABC Manager's Primer, by Cokins, Stratton and Helbling.

With good cost allocation methods, City Departments can make more informed policy and management decisions. Policy decisions should include cost-benefit analyses that allow comparisons between different program options. Activity-based costing also allows management to make decisions determining the most efficient and effective processes by which to deliver services. In general, implementing ABC and new service delivery methods would increase accountability and performance, identify key areas in need of change and identify potential cost savings.

## **5. Financial Management**

During our work in Jersey City, we were continually frustrated by the inability of managers in a number of authorities and departments to provide financial data that could be used for any type of in-depth analysis. This problem is particularly the result of insufficient and incompatible financial management systems and processes throughout the Jersey City government structure. This was particularly acute in the Parking Authority.

In the next section of this report we make preliminary recommendations about how Jersey City should begin to address this situation by beginning the process of acquiring a new and comprehensive financial management system. Such a system will give Jersey City the tools it needs to address some of the issues discussed earlier, including performance management and cost allocation.

## Section III - Recommendations

In addition to our general findings, Andersen completed a detailed assessment of 12 City departments and authorities. In the next section of this report, we present our detailed findings and recommendations for each, plus an initial section highlighting recommendations that cut across multiple entities. The title of each recommendation is preceded by a code used for easy reference throughout this report.

This section of the report is organized as follows:

- Cross-Cutting
- Purchasing
- Real Estate
- Tax Abatements
- Housing, Economic Development and Commerce (HEDC)
- Jersey City Redevelopment Agency (JCRA)
- Jersey City Incinerator Authority (JCIA)
- Jersey City Parking Authority (JCPA)
- Jersey City Free Public Library (Library)
- Department of Neighborhood Improvement (NID)
- Department of Recreation and Cultural Affairs (Recreation)
- Human Resources
- Department of Health and Human Services (HHS)

## Cross-Cutting Recommendations

During our review of 12 of Jersey City's departments, authorities and programs, it became clear to us that there were many cross-agency functions that were not being performed in an optimal way. The reasons for this lack of efficiency can be traced to the issues outlined in Section II – General Findings in this report.

We developed the following specific recommendations:

- CC1 - Consolidate Fleet Management and Maintenance Functions
- CC2 - Consolidate Snow Removal Efforts
- CC3 - Overhaul Street Sweeping
- CC4 - Implement a Financial Management System
- CC5 - Conduct a Citizen Survey
- CC6 - Conduct an Energy Audit

## CC1 - Consolidate Fleet Management and Maintenance Functions

### Description

Currently, multiple departments and agencies in Jersey City maintain and manage separate fleet functions. Following is a description of the major fleet functions in the City.

#### **Jersey City Incinerator Authority (JCIA)<sup>21</sup>**

JCIA currently owns and operates at least 125 vehicles including 36 dump trucks, 15 pick-up trucks, 17 cars (Sport Utility Vehicles, vans and sedans), 17 street sweepers, 10 roll-off chassis trucks, two large snow removal vehicles, three bulldozers, three front-end loaders, and over 20 or so other miscellaneous vehicles. Vehicles are generally serviced at least every five months as part of a maintenance program, and the Division of Fleet Maintenance employs 12 people (two managers, two clerks, six mechanics, and two maintenance staff) who perform the bulk of this function. The total budget for this Division is just over \$1 million, which includes about \$674,000 in salaries and benefits and over \$290,000 in supplies, equipment and contracted service.

#### **Jersey City Parking Authority (JCPA)<sup>22</sup>**

The JCPA currently utilizes at least 36 vehicles. JCPA leases seven pick-up trucks, four Sport Utility Vehicles, one van and one passenger sedan, all 1997-1999 models. It owns two additional 1995 Sport Utility Vehicles as well as 21 scooters (six of which are at least four years old, the others are two to three years old). The scooters and van are used to transport Parking Enforcement Officers; other vehicles are used for Division of Administration and Division of Operations purposes. Although very little fleet-related information was provided by JCPA, it seems that maintenance of these vehicles is handled in-house by the Operations Department. JCPA has budgeted at least \$160,000 in automotive related expenses, but does not itemize personnel costs for mechanics hired to maintain this fleet of vehicles or insurance costs related to the operation of these vehicles. Therefore, fleet costs for JCPA are very likely significantly higher than those listed in financial information provided by JCPA. It should be noted, too, that NID utilizes two old parking scooters from JCPA, and JCPA still performs maintenance on these vehicles.

#### **Department of Public Works (DPW)<sup>23</sup>**

The Division of Automotive Services at DPW maintains over 754 vehicles, including Police cars, Fire trucks, and 125 vehicles used in DPW's general operations. There are 30 employees working in the Automotive Services Division, including three administrative personnel, ten certified (but not licensed) mechanics, and 17 laborers. The workers perform all scheduled maintenance, as well as all purchasing and administrative tasks for the Division. Last year, salaries and benefits for this Division were over \$1.1 million while operational expenses were over \$1.3 million.

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<sup>21</sup> Information provided by JCIA Director Norman Guerra.

<sup>22</sup> Information provided by JCPA Chief Financial Officer John Folk.

<sup>23</sup> Information provided by DPW Director Kevin Sluka.

DPW controls the Police motor pool and assigns vehicles to various districts. They also maintain a regular vehicle maintenance schedule and identify the 15 Police vehicles due for a 20-minute service each day. However, DPW reports that usually only six of the 15 scheduled vehicles actually make their appointments and therefore many cars do not get regular maintenance. Approximately 18 new cruisers are purchased every year through a separate fund, and a Police-controlled review board handles the reviews of accidents in cruisers although some community leaders have called for a civilian review board.

The Fire Department has 100 trucks, and preventive maintenance on these vehicles takes DPW four to five hours per truck. A new “pump and ladder” truck is purchased approximately every seven years and is usually custom-made for Jersey City. In addition, DPW maintains two vans used by NID. DPW previously maintained the Library’s fleet of six vehicles. However, the Library was displeased with this service and now takes care of maintenance of these vehicles themselves at an average annual cost of \$3,088 per vehicle. Many City agencies utilize City cars for courier and other services; all of these vehicles are maintained by DPW.

DPW has looked at outsourcing fleet maintenance in the past, but the idea was never implemented because of political and union opposition. DPW does, however, outsource towing of broken down vehicles to two private companies, General Towing or Flowers Towing, at a cost of \$25 per tow.

Perceptions about the quality of service delivered vary widely between departments, as do policies and procedures. There is little or no sharing of information, skills or resources among the departments, and this leads to inefficiency and decreased productivity overall. Current purchasing procedures do not take advantage of Citywide economies of scale that would help the City get equipment and parts for the lowest price. The lack of any vehicle tracking mechanisms leads to uneven wear and tear on vehicles and makes it difficult to assign responsibility for damage to vehicles. Finally, there appears to be no long-term, Citywide asset planning which would help the City make wise choices to revitalize its aging fleet.

There is excessive overlap in the disparate fleet maintenance functions across Jersey City that leads to inefficiencies. As the table on the following page shows, at least three departments are spending significant amounts of money maintaining vehicles with a wide range of results.

Spending Levels for Fleet Functions				
Cost	JCPA	JCIA	DPW	Totals
Salaries and Wages	unknown	\$434,325 <sup>24</sup>	\$981,833 <sup>25</sup>	<b>\$1,416,158</b>
Benefits	unknown	\$239,849 <sup>26</sup>	\$180,000 <sup>27</sup>	<b>\$419,849</b>
Operational Expenses	\$160,000	\$303,795 <sup>28</sup>	\$1,335,196 <sup>29</sup>	<b>\$1,798,991</b>
Garage/Space Costs	unknown	\$180,439 <sup>30</sup>	\$268,861 <sup>31</sup>	<b>\$449,300</b>
<b>TOTAL COST</b>	<b>\$160,000</b>	<b>\$1,158,408</b>	<b>\$2,765,890</b>	<b>\$4,084,298</b>
Number of Employees	unknown	12	30	42
Number of Vehicles	36	125	174	335
<b>Average Cost Per Vehicle</b>	<b>\$4,444<sup>32</sup></b>	<b>\$9,267</b>	<b>\$15,896</b>	<b>\$12,191<sup>33</sup></b>

## Recommended Changes

Jersey City should centralize its fleet management and maintenance functions to save money on overhead, supply and labor costs, and achieve vehicle-purchasing economies of scale. Steps in moving in this direction include the following:

- Conduct a fleet needs survey
- Centralize parts and equipment purchasing
- Shift toward customer-focused approach
- Utilize a life-cycle approach when making equipment replacement and purchase decisions
- Implement a billing structure that supports the life-cycle perspective and ensures ownership and accountability by each department utilizing the centralized fleet management function
- Create a system where detailed information on operational costs, maintenance schedules and vehicle performance results are housed and available to managers in various departments
- Outline policies and procedures that provide guidelines on controlling cost and increasing vehicle availability through detailed responsibilities for operators, management and the centralized fleet function
- Outsource functions where appropriate

## Rationale

Bringing fleet management and maintenance under one roof will increase efficiency and effectiveness, allow the City to benefit from knowledge sharing and increased market power, and will standardize service quality and costs per vehicle across departments. The specific aspects of a centralized system outlined above will be helpful in many ways.

<sup>24</sup> JCIA Functional Cost Breakdown provided by Norman Guerra.

<sup>25</sup> This figure is a line item in the Jersey City Budget.

<sup>26</sup> This figure contains the cost of all types of taxes, insurance and pension costs attributable to JCIA's Division of Automotive Services. Business insurance and taxes is included.

<sup>27</sup> This figure includes health and life insurance as well as pension and is based on an average cost per employee of \$6,000. Business insurance and taxes are not included.

<sup>28</sup> Includes materials, equipment and supplies, repair contracts and contractual services.

<sup>29</sup> This figure is a line item in the Jersey City Budget.

<sup>30</sup> JCIA's facility maintenance cost was found to be \$2.31 per square foot (See recommendation on Outsourcing Services at the Authorities). JCIA has 78,000 square feet in automotive garage space.

<sup>31</sup> DPW's facility maintenance cost was found to be \$3.07 per square foot, this includes custodial and repair costs (See PUR4: Outsource Facility Maintenance). There are 87,577 square feet of garage space that DPW uses.

<sup>32</sup> This is likely a very low estimate because so many costs are unknown.

<sup>33</sup> This is likely a very low estimate because costs (which could be sizeable) associated with maintaining garage space for the various fleet functions are not known.

Centralizing purchasing will allow the City to use its true purchasing power to get the best price in the parts and equipment markets (on goods such as batteries, fuel, and vehicles). It will also help ensure that parts are available when needed, and will allow for a pooling of Citywide knowledge of quality parts and equipment purchasing. Implementing this aspect of a centralized fleet management function will require an accurate inventory control system, which could be part of a larger City procurement system (see PUR1: Automate and Reengineer the Entire System).

By setting up a customer service center within the new centralized fleet function, the City can work toward ensuring prompt response time, providing helpful answers to departmental inquiries, and promoting schedule flexibility. This may help eliminate some of the current problems in negative perceptions of service levels at existing fleet divisions.

A life-cycle approach focuses not only on the cost to purchase of a particular vehicle but includes maintenance and operational costs as well as disposal costs or value recovery. Implementing this approach in decision making will decrease the total cost of operating each piece of equipment because it balances operating costs with replacement costs. In addition, once equipment maintenance costs have reached prescribed levels, equipment will be replaced under this approach, thereby reducing total costs and keeping equipment from being kept when maintenance costs exceed purchase costs.

The fleet maintenance and management billing structure must allocate costs appropriately. This will allow departments to track what they are spending and will allow the City to make informed, rational decisions about the total cost of delivering a given service to citizens. Also, providing ownership of equipment and replacement funds to department heads will help align costs of vehicle maintenance with the departments creating these costs, rewarding good project management and penalizing departmental abuse of equipment.

Access to correct information is crucial for better planning and decision-making. Good data will allow continuous evaluation of maintenance costs, operating costs and vehicle availability Citywide, and will help managers make replacement decisions. Having access to historical maintenance information would help with checking repeat problems with equipment.

It is key that all stakeholders in the fleet management and maintenance process know their roles and responsibilities and be held accountable. Having written rules and procedures helps standardize service levels across the entire City fleet and assists with quality control. This will require operators to be responsible for some aspects of maintenance of the vehicles they use, and equipment usage policies will ensure balanced utilization of vehicles. Rewards, where applicable, should be given for outstanding performance.

Outsourcing some services will allow the mechanics working in a centralized fleet management function to be more efficient. Typical services that could be performed by contract include small engine repair, major component overhaul, bodywork, welding and machine work, highly specialized maintenance jobs, and towing services. This will reduce the frequency of low value tasks (such as small engine repair) and time-consuming tasks (such as rebuilding engines), leaving mechanics free to manage daily maintenance schedules. It will also allow the City to shift risk to outside vendors where appropriate. In addition, having pre-negotiated contracts will reduce time spent finding contractors to fix specialized problems or help with overflow work.

### **Projected Savings**

It is premature to project cost savings. While we believe strongly that savings and service improvements in this area would be significant, a much more detailed study of fleet needs in Jersey City should be conducted to determine the best strategy for consolidation.

## CC2 - Consolidate Snow Removal Efforts

### Description

Jersey City gets an average of 27 inches of snow per year, has an average temperature of 30.6 degrees Fahrenheit in January, and can expect on average three to four inches of snow per snowfall. However, since the weather is highly unpredictable, administrators cannot always accurately predict how much money Jersey City will need to spend on weather-related events. For example, one snowstorm in January 2001 deposited 15 inches of snow in Jersey City, cost the Jersey City Incinerator Authority (JCIA) approximately \$500,000, and used about 1,200 tons of rock salt.<sup>34</sup>

JCIA is the primary entity responsible for snow removal in Jersey City and remains in constant communication with *Metro Weather Services* for weather updates during snow emergencies. Many other City agencies and independent authorities also participate in the response to a snow-related weather situation. The City has developed a snow removal plan to coordinate the efforts between departments and agencies that participate in this operation. This plan is divided into three parts based on the amount of accumulation expected during a given snow storm: *Plan 1* is for three inches or less; *Plan 2* is for three to 12 inches; *Plan 3* is for 12 inches or greater. All three plans outline and assign specific responsibilities to the numerous players involved in the snow removal effort; what varies is the type of effort required of each and the length of time such effort is needed.

According to JCIA, *Plan 2* has been most commonly used in the last two years. *Plan 2* designates the following chief responsibilities:

**The Jersey City Incinerator Authority:** JCIA is responsible for contacting the Office of Emergency Management and the Mayor's Office prior to the threat of snow accumulation. JCIA also coordinates and executes the removal of snow and ice from all public thoroughfares and primary and secondary roads. For snow events over four inches, JCIA contracts with the private sector to assist in plowing and other snow removal efforts.

**Department of Public Works:** DPW is responsible for the removal of snow and ice from all City owned properties (46 buildings in total), including police headquarters, fire houses, plus 54 City parks. DPW does this by coordinating and transporting snow shovelers and inspectors (most of whom are DPW employees that receive 200% of their salary for assisting in snow removal). DPW is also responsible for helping senior citizens and physically challenged residents with sidewalk shoveling requests (which are usually placed before snow begins falling).

**The Fire Department:** Fire fighters are responsible for shoveling at firehouses and sometimes use their own personal snow blowers for this task. When snowfall is over five inches, however, DPW workers plow the driveways of the firehouses.

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<sup>34</sup> Conversation with Norman Guerra, Executive Director, JCIA.

**The Jersey City Parking Authority:** JCPA is responsible for identifying parking lots to be utilized for snow removal efforts and posting “Emergency Snow Removal” signs along snow routes. At the request of the Jersey City Police Department, JCPA deploys personnel to aid in the closing of streets for snow removal efforts. JCPA also coordinates and dispatches all special transportation requests during snow accumulation, and plows and shovels its own properties.

**Jersey City Free Public Library:** The Library is responsible for shoveling the sidewalks and parking lots at each branch location.

During a snowstorm, all of the departments and authorities mentioned above communicate with each other frequently to keep abreast of the latest weather reports and storm notifications.

## Findings

Jersey City has outlined a Snow Removal Plan that is a first step toward the provision of effective and efficient snow removal services. However, the current snow removal operation faces three major problems that are a direct result of fragmentation of City services.

**Costly and Inefficient Staffing:** First, the City is burdened with costly and inefficient staffing assignments and service provision levels. JCIA, for example, reassigns almost all of its employees to snow removal during a snowstorm. When it is not snowing, these employees are tasked to various JCIA functions, including graffiti removal, demolition, and property maintenance. However, these functions routinely provide service levels that are too high, are provided for free, or are provided even though the City could easily outsource them for significant savings. The level and method of delivery of these services has not been evaluated or changed primarily because JCIA argues that it needs these employees on hand during a snowstorm. Natural efficiencies that could be gained through utilizing workers for one function in the Winter (i.e. snow removal) and another in the Summer (i.e. park maintenance) are lost because of the Citywide fragmentation of all public works-related functions (not just snow removal) between JCIA and DPW.

**Excessive Levels of Service:** Second, Jersey City uses resources to provide snow removal service levels that may be too high compared to surrounding municipalities. While Union City and Hoboken, albeit smaller than Jersey City in terms of land size, provide substantially less complex and plentiful snow removal services; these more streamlined snow removal functions may offer lessons learned for Jersey City. Hoboken tasks two departments with its entire snow removal effort. The Sanitation Division plows its streets almost completely on its own while the Parks Division removes snow in the City’s parks. Occasionally, after a big snowstorm, contractors are hired to remove piles of snow. Union City, too, utilizes only two departments for snow removal. The Department of Public Works decides whether an expected snowfall is within their capacity and, when necessary, hires contractors, while the Parks Department of Union City handles shoveling. Newark, which is larger than Jersey City, runs its snow operation through two departments as well: the Division of Sanitation the Department of Parks and Grounds. The bulk of the work in Newark, however, is contracted out to the private sector and Newark hence keeps only five salt trucks on hand. JCIA, on the other hand, keeps snow-removal contractors on retainer and purchases and maintains a large fleet of vehicles for the snow-removal effort (including two large snow removing trucks, 11 large dump trucks with salt spreaders and plows and 20 smaller dump trucks).

**Cost Allocation Issues:** Finally, the City's budget for snow removal may be a very low estimate of the actual cost of the effort because of Citywide cost allocation problems. Many snow-related costs are hidden in other budgets including demolition and property maintenance at JCIA and general accounts at DPW, Library, JCPA and NID. The City's inability to accurately track snow removal expenditures prevents it from identifying and correcting inefficiencies that cost the City much needed dollars every winter.

## **Recommended Changes**

Rather than trying to keep a large, year round staff to accommodate its staffing needs for the rare snow emergency, JCIA should instead:

- train and borrow employees from DPW or other City agencies for snow emergencies; and
- use more contractors to supplement the existing contracted services.

## **Rationale**

Jersey City should overhaul its snow removal operation with the goal of increasing efficiency, which would in turn lead to cost savings. Responsibility for snow removal should be consolidated among two agencies - JCIA and DPW – with JCIA responsible for removal of snow from primary and secondary roadways and DPW responsible for removal of snow from public sidewalks and other public areas. This division of responsibility should and can be managed by sharing of resources – both in terms of people and equipment – just as JCIA and DPW currently share supplies such as rock salt. Less expensive and readily available manpower resources at DPW could be utilized to help with plowing under a new process, thereby eliminating the need for excess year round capacity at JCIA.<sup>35</sup> This will allow Jersey City to effectively leverage existing resources and deal with snow emergencies more efficiently. Removal of snow from JCPA, Library and Police parking lots could also be handled by one agency instead of three, and in certain cases (such as JCPA parking lots) be outsourced completely.

Jersey City also needs to develop a more accurate method of monitoring costs related to snow removal efforts. As outlined above, Jersey City is unable to truly know how much it is spending on keeping a fleet of vehicles and a cadre of workers on hand for a few snowstorms each year. Without such information (in the form of a simple, project-based, internal budget) the City cannot functionally evaluate its current system or plan for a more effective response to snow emergencies in the future.

## **Projected Savings**

The exact savings associated with this recommendation are difficult to quantify. It was clear from our review that many of the departments involved in Jersey City snow removal efforts maintain varied levels of extra staff to prepare for their snow-related duties. Further, detailed analysis of employee job descriptions and salary levels, union rules and contracts, staffing capacity and fixed asset information from involved departments is necessary to isolate actual expenditures and identify potential future savings.

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<sup>35</sup> See JCIA-specific and cross-cutting recommendations that would result in a reduction in staff (CC3, JCIA1, JCIA2, and JCIA4)

## CC3 - Overhaul Street Sweeping

### Description

Jersey City's street sweeping operation – which is run primarily by the Jersey City Incinerator Authority (JCIA) - currently employs 15 operators and 11 mechanical sweepers. These personnel and machines are deployed on 11 routes across the City and efforts result in the collection and disposal of 2,496 tons of debris per year. Commercial and downtown areas are swept six days per week and secondary or residential neighborhoods are swept twice per week at a yearly cost of \$1.6 million.<sup>36</sup> In addition, the Jersey City Parking Authority (JCPA) assigns two Parking Enforcement Officers (PEOs) in scooters to ride in front of JCIA street sweepers on each of 11 routes to issue parking tickets to vehicles in violation of “No Parking- Street Sweeping” signs. JCPA writes over 100,000 street sweeping violations per year, each valued at \$29.<sup>37</sup>

The number, location and length of the street sweeping routes themselves have not been evaluated for efficiency and effectiveness in many years despite calls for changes in routes. Teachers at some schools, for example, have complained about having to move their vehicles twice per week during school hours. In addition, both JCPA and JCIA admit that coordination between ticket-writing PEOs in scooters and JCIA–driven mechanical sweepers has been difficult, and JCIA sometimes dispatches tow trucks to tow vehicles in street sweeping routes out of the way of the sweepers.

### Recommended Changes

1. **Evaluate Service** - Evaluate the number, location and length of all existing street sweeping routes for efficiency and effectiveness.
2. **Reduce Residential Street Sweeping** - Reduce the frequency of street sweeping in secondary/residential areas from twice per week to once per week.

### Rationale

1. **Evaluate Service** - The large amount of development Jersey City has experienced over the last decade created shifts in the types and location of services that the population requires. Analysis of the current street sweeping routes including frequency, number, location and length and a needs assessment would help Jersey City find ways to maximize efficiency and effectiveness in the provision of street-sweeping services. This type of review would prove especially useful given the increased level of development in Jersey City in recent years.
2. **Reduce Residential Street Sweeping** - Few nearby municipalities clean residential streets as often as Jersey City (see table on the following page).

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<sup>36</sup> JCIA Budget

<sup>37</sup> JCPA writes an inordinate amount of street sweeping tickets compared to any other type of ticket. Our analysis leads us to question whether all tickets are properly labeled or written (as street sweeping or otherwise), but this issue deserves further study.

Street Sweeping in Other Cities	
City, State <sup>38</sup>	Residential Street Sweeping Frequency
Hoboken, NJ	Once per week
Bayonne, NJ	Daily
Paterson, NJ.	Mostly once a week, some are twice a week
Newark, NJ	Once per week
Brooklyn, NY	Once per week
Oakland, CA	Once per week; some areas once per month
Washington, DC	Once per week
Boston, MA	Once per week

While the implementation of *Recommendation 1* above might result in a change in the total number of commercial and residential street sweeping routes in the future, it seems clear to us now that such an evaluation would also lead to a decrease in the frequency of residential street sweeping. Jersey City sweeps residential streets too frequently compared to its neighbors and similar cities, and it cannot support such a practice given its poor fiscal health. As the table on the following page shows, JCPA and JCIA spend a combined \$2.3 million on street sweeping. But, with a one time investment and schedule change, the City could decrease these costs significantly and benefit from a more appropriate service provision level in the long run.

**Annual Cost Savings: \$463,418**

**Investment Needed: \$582,300**

**Staffing Change: Down 6**

The table on the next page shows how savings could be achieved through changes to street sweeping schedules and the investments needed to implement these changes. However, revenue from parking tickets issued for street sweeping-related violations is not included in the table because detailed information on ticket revenue by type, fine and classification was not made available to us. We do know that tickets for the violation of parking ordinances related to street-sweeping make up a significant portion of JCPA's budget currently and generate a good deal of revenue for the City, as well. However, it is likely that other parking infractions are not detected while PEOs are working street-sweeping routes. If this recommendation is implemented, PEOs could be reassigned to other routes and would continue to generate revenue for JCPA and the City. While we do not believe that the revenue to be gained from parking tickets in Jersey City is without limits, we are confident that implementing this recommendation will result in an overall net gain for the City even if revenue declined initially from fewer street sweeping-related tickets.

<sup>38</sup> Data in this table was either visually confirmed or provided by employees of the city noted.

Spending/Income Levels for the Street-Sweeping Function		
Cost	Current	Recommended
<b>JCPA</b>		
Salaries	\$766,854 <sup>39</sup>	\$766,854 <sup>40</sup>
Maintenance of Scooters	\$21,785 <sup>41</sup>	\$15,249 <sup>42</sup>
<b>Total JCPA Cost</b>	\$788,639	\$782,103
<b>JCIA</b>		
Salaries	\$732,719	\$522,719 <sup>43</sup>
Materials/Supplies	\$18,485	\$12,939 <sup>44</sup>
Equipment/Parts & Supplies	\$194,609	\$136,226
Contractual Services	\$13,688	\$13,688
Maintenance Repair Contracts	\$21,579	\$15,105
Equipment Purchases	\$203,449	\$142,414
Undistributed <sup>45</sup>	\$398,082	\$282,638 <sup>46</sup>
<b>Total JCIA Cost</b>	\$1,582,611	\$1,125,729
<b>TOTAL COSTS</b>	<b>\$2,371,250</b>	<b>\$1,907,832</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$463,418</b>
<b>NEW INVESTMENT</b>		
<b>DPW<sup>47</sup></b>		
New Street Signs	\$0	\$254,700
Installation of New Signs	\$0	\$327,600
<b>TOTAL INVESTMENT NEEDED</b>	<b>\$0</b>	<b>\$582,300</b>

<sup>39</sup> Assumes 22 PEOs staff 11 routes ( 2 PEOs per route) and that average PEO salary plus benefits is \$34,857. Therefore, \$34,857 \* 22 PEOs = \$766,854.

<sup>40</sup> Conceivably, personnel costs could drop by half if the frequency of resident street sweeping is reduced in half (thereby requiring half as much PEO time). However, we believe there are other parking infractions that could be detected by PEOs no longer assigned to street sweeping. For this reason, we leave JCPA's personnel costs the same.

<sup>41</sup> We were not given exact costs regarding fleet maintenance from JCPA so we estimated this cost using JCPA's Treasurer's Report September 2000. This document separates auto expense for the Division of Enforcement and puts that cost at \$81,200 spent between October 1999 and September 2000. We arrived at the figure in the table in the following manner:

\$81,200/41=\$1980 to maintain each vehicle (where 41 is the number of vehicles in JCPA's fleet)  
\$1980\*11= \$21,785 cost to maintain the vehicles used in the street sweeping operation

<sup>42</sup>This figure assumes a decrease in maintenance costs of 30%, reflecting the fact that the decrease in residential street sweeping frequency may not correspond to a one to one decrease in associated costs (as all cost estimates are not fully functionally exclusive). Using this 30% savings rate also allows us to develop a conservative final savings estimate.

<sup>43</sup> Assumes a 30% (or 6 person) decrease in personnel required to run the residential street sweeping division at average salary of \$35,000. See footnote above for rationale.

<sup>44</sup> See footnote above. Equipment/Parts & Supplies, Contractual Services, and Maintenance are figured the same way.

<sup>45</sup> Includes Health Care, Insurance, Taxes, and Pension Funds.

<sup>46</sup> Assumes same proportional decrease as the decrease in salaries.

<sup>47</sup> All DPW figures are based on general estimates offered during meeting with Kevin Sluka, Director of DPW. Mr. Sluka estimates that there are 234 miles of roadway in Jersey City with 10 blocks per mile. There are 6-8 street sweeping signs per block (we used 7 as an average), and the cost for installation of signs on existing poles would be \$20 per sign, plus an additional \$15 to make the actual sign. This initial cost estimate may be a bit high (and long-term savings actually greater) because not all of the road miles included in this calculation will actually be affected by this recommendation and need new street-sweeping signs.

## CC4 - Implement a Standard Financial Management System

### Description

Jersey City has no integrated financial management system. Instead, many different systems – some old, some new, most not user-friendly or particularly scalable – are in operation. For example, the main financial system is old and so difficult to use that only a few staff people utilize it regularly and adding new account codes is almost impossible.<sup>48</sup> The company that built this existing system required the City to pay high research and development fees as part of the system maintenance plan. Jersey City opted out of doing so and now has no maintenance contract for this system. The payroll system is relatively new, but not flexible enough to meet the City's needs, so changes are often made by hand. The City has no electronic system for personnel, and the tax collection and tax assessment systems are old, State-mandated systems that are difficult to use and outdated.

The City is concerned that these facts will make it difficult to implement the State's soon-to-be-announced flexible chart of accounts. In addition, Jersey City is unable to utilize true cost-benefit analysis in policy and decision-making because data and systems are fragmented. In this environment, costs associated with basic City functions such as snow removal cannot be adequately tracked or allocated. Personnel, office space, and vehicles are assigned and utilized inefficiently because data on the cost of current practices Citywide are usually unavailable. Because of the lack of integration and poor functionality of its current financial management systems, the City cannot effectively allocate service provision costs among agencies and departments, manage assets, or make business decisions based on complete financial information.

### Recommended Changes

Jersey City should implement a fully integrated, enterprise-wide financial management system that includes the following functionality:

- General Ledger, Accounting and Activity Based Costing
- Accounts Payable, Accounts Receivable and Comprehensive Internal and External Billing System (to include, for example, taxes, real estate, licensing and fees)
- Budget Preparation, Capital Budgeting and Planning
- Debt Service and Investment
- Grant Tracking
- Asset Management (from Real Estate to Vehicles)
- Human Resources, Payroll and Risk Management
- Purchasing and Inventory Management
- Project Management and Accounting

This system should be scalable, easy to use and integrate with existing systems and technically compatible with State or County systems as needed. Jersey City should also be able to implement the new system in phases. For example, as the State and City are still working on methods for adoption and implementation of GASB34 accounting standards, it might be prudent to wait on full financial system implementation and begin with the

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<sup>48</sup> Phone call with Laurie Cotter, Jersey City Business Administrator 2-21-01

automation of the purchasing function first (see PUR1 – Automate and Reengineer the Entire System).

### **Rationale**

Jersey City lacks a modern financial management system. Without such a system, the City cannot make informed business decisions. Purchasing and implementing a modern financial management system would allow Jersey City to utilize Activity Based Costing, track spending and revenue trends, and leverage personnel, materials, office space and assets such as vehicles or machinery more efficiently and effectively. Once a new system is implemented, duplicative efforts would be visible and easily corrected. The City could then respond more quickly to changes in funding levels or community need, and stakeholder access to information would increase.

The process of identifying and purchasing a financial management system should include (at the very least) a full needs assessment and business process review, the creation of functional requirements, and the establishment of business and technical requirements for a successful software selection. The City might also create a conceptual model with report specifications. Implementing the new system will require a great deal of cooperation between City agencies and departments and a comprehensive plan for dealing with the cultural shift resulting from the switch to the new system.

### **Cost Savings & Investment Needed**

Implementing this recommendation will require a substantial investment of time and money. However, making this investment will allow better management throughout Jersey City, resulting in significant long-term efficiencies and re-occurring savings.

## CC5 - Conduct a Citizen Survey

### Description

The City offers a wide range of services, from basic police and fire protection to the more preference-driven delivery of recreation and cultural affairs programs. The City makes ongoing decisions about the level and types of services it will provide. With limited resources, Jersey City recognizes that as one service level increases, another service level may decrease.

However, Jersey City has not conducted a citizen survey to measure desired service levels. There have been some attempts within individual departments to gauge citizen satisfaction. Although the methods employed are generally not scientific and are limited in scope, the results only measure satisfaction with a given service rather than preferences between services.<sup>49</sup> These attempts have been sporadic and offer limited information with which to make decisions.

### Recommended Changes

Jersey City should conduct a comprehensive survey to ascertain citizen service preferences and satisfaction levels. The City should then begin routinization of conducting targeted citizen surveys to help guide City leaders about the types and levels of service that they should strive to provide.

### Rationale

A survey will allow the City to provide more citizen-centered services and identify areas for service reduction. This recommendation fits well with REC1 – Create and Implement Citizen Survey. The Department of Recreation and Cultural Affairs Recommendation can act as a pilot for other detailed surveys in the future.

Also, citizen surveys provide another means to improve the quality of services delivered in Jersey City. Citizen surveys will help to foster a holistic approach in reforming Jersey City programs by offering tools for better measurement, performance management and benchmark collection.

### Investment Needed: \$45,000

The initial cost of creating this effectiveness measurement system is approximately \$45,000.<sup>50</sup> However, the scope of each survey is quite different. The high fly-over survey will ask broad over-reaching questions pertaining to all areas of City services. The Department of Recreation survey will ask much more detailed, program and service-based questions. Therefore, the in-depth Department survey will be similar in size in terms of number of questions and number of citizens surveyed as the broader Citywide survey.

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<sup>49</sup> Department of Recreation and Cultural Affairs, Department of Neighborhood Improvement, Division of Tenant-Landlord Relations (HEDC) are all examples of places that the City has attempted satisfaction surveys. It should also be noted that the Jersey City Free Public Library did invest in a scientific, detailed citizen survey for information about library services and preferences.

<sup>50</sup> This estimate is based on the cost of a random digit dial survey recently conducted for Jersey City Free Public Library and other surveys done in similar cities such as Flint, MI. This figure includes all costs associated with the survey, including data collection and expert interpretation of findings.

## CC6 - Conduct an Energy Audit

### Description

Energy expenses are a significant cost to Jersey City. Last year, Jersey City spent \$1.5 million on electricity and gas and \$75,000 on heating oil for the buildings.<sup>51</sup> The Division of Purchasing and Central Services pays the City's electric and gas bills. Specifically, the Chief of Administrative Services makes the monthly payments using vouchers. Currently, the only control in place to reconcile the bill is a review that ensures that the addresses on the bills are accurate. While this action alone is an unacceptable reconciliation, any other controls are virtually impossible within the City's current system. It is difficult to isolate utility costs in the City and make Departments accountable for their energy usage because the City has no cost allocation system. Energy abuses can go virtually undetected throughout the City.

Many municipalities have discovered the cost savings that often accompany energy audits. Jersey City also has realized the need to conduct such an audit and has taken some steps to make sure that the proper examination of its energy usage takes place. The City recently released a Request for Proposals (RFP) calling for private firms to perform a reconciliation of utility bills and to make recommendations for better rates on behalf of Jersey City. The request includes an audit and comparison of bills with the records of Public Service Electric & Gas Company (PSE&G). A percentage of the cost savings found in the energy audit will serve as a payment to the private firm for conducting the audit. While the RFP is a good start it does not cover a search for energy efficiencies.

### Recommended Changes

Jersey City should continue to pursue conducting an energy audit and should expand this audit to include a review of the energy efficiency in the City's facilities. This would include determining various ways to save on energy, including installing insulation, changing fixtures, replacing antiquated systems, and putting lights on timers.

### Rationale

An energy audit will be beneficial to Jersey City because it may highlight places where low-cost energy alternatives, reduced utility rates, and improved budget planning and energy forecasting can take place. Audits have helped many municipalities more effectively manage their utility bills and realize alternative energy options. Discoveries and findings made during this type of an analysis will help the City evaluate the need for capital investments in its buildings.

There are several private sector firms that provide this service, many of which provide periodic written reports and presentations, act as a liaison with the utility, document energy adjustments and assess and recommend energy purchasing options. We believe that Jersey City will benefit greatly from a specialized energy analysis and that cost savings will be found as a result.

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<sup>51</sup> Jersey City combines their natural gas and electricity bills into one line item in their budget. This information was gathered in a conversation with Laurie Cotter, Acting Business Administrator.

The City has already found substantial savings from conducting a similar type of audit of their phone lines. The City hired a private firm to conduct a phone audit two years ago, and realized \$50,000 in cost savings.<sup>52</sup> The analysis included an investigation of phone lines to make sure that they were still being used. The City is currently performing an additional phone audit hoping to find even more savings.

### **Annual Cost Savings: \$184,903**

The City has already seen cost savings in its phone line audit. A full estimate of the monetary savings that will be found in an energy audit is difficult to calculate. However, we believe that wasting energy is common in the City. The Building Owners and Managers Association (BOMA) International published a study comparing facility maintenance costs in cities across the country. According to this study similar cities are spending an average of \$1.09 per square foot on electricity and gas, where Jersey City is spending \$2.03 per square foot<sup>53</sup>. Even if the City only found \$0.50 per square foot in savings on their electric bills, that would produce one annual savings of \$369,806. If the auditor took its standard 50% share, the City would still realize savings of \$184,903 per year. If accompanied by a cost allocation system, this recommendation could bring both cost savings and increased responsibility over energy matters to the City.

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<sup>52</sup> The audit found \$100,000 in savings and the firm kept 50% of those savings in exchange for performing the audit.

<sup>53</sup> Similar cities used were Newark, NJ, Cincinnati, OH, and Philadelphia, PA. An average was taken of these three cities electricity expenses.

## Division of Purchasing and Central Services

Key Facts	
<b>Budget</b>	<b>Employees</b>
\$1.2 million – FY 2000 Adopted Budget	48 employees – FY 2000
\$1.2 million – FY 2001 Mayor's Budget	43 employees – FY 2001
<b>Primary Functions</b>	
<ul style="list-style-type: none"><li>• Process purchase order requisitions for all City departments</li><li>• Coordinate and assign all security personnel to designated locations</li><li>• Organize and assign the messengers to their routes</li></ul>	

### Description

The Division of Purchasing and Central Services is a fairly new entity. Purchasing and Central Services previously existed as two separate Divisions within the Jersey City Department of Administration until they were combined in 1997. Currently, the Division employs 43 people: nine in the purchasing functions and 34 in central services. Combined, this Division is responsible for all procurement operations for City Departments and coordinating delivery, security, and courier services utilized throughout the City.

The purchasing function procures approximately \$150 million in goods and services for all of the City Departments. Staff conduct this operation using a combination of State contracts, relationships with local vendors, and public bidding processes. The four employees who act as buyers are assigned to buy particular goods or to purchase for certain Departments. For example, the Police, Fire and Public Works Departments require the most purchases, so the Division has assigned a buyer to purchase items for each of these Departments. Some buyers have specialized in buying office equipment, copiers, uniforms and other goods that are purchased frequently by the City. In addition, four employees function as support for the buyers and purchasing agents. Because the purchasing process is entirely manual, these employees primarily function as typists and data managers for the 400 purchase requisitions that this Division receives a month.

The Central Services function coordinates services and goods distributed throughout the City. For example, this function manages delivery and security services, gasoline, diesel fuel and heating oil purchases, as well as copier paper and postage. This function employs 34 people, the majority of whom work in security services and are led by the Chief of Administrative Services and the Supervising Security Guard. Together, these supervisors coordinate the routes and assignments that the messengers travel on a daily basis, as well as supervise the security guards in their duties. Currently, both security and delivery personnel are employed in-house. The City outsourced security services as recently as 1998, but abandoned the effort due to a lawsuit relating to the public bidding process. This situation is discussed in further detail in PUR3 – Outsource Security Services.

## Findings

Although this Division has been combined for over three years, it still functions as two separate Divisions. The organizational chart looks like two completely different organizations were forced together to cut administrative costs (see organizational chart in appendix). The functions follow different hierarchical structures and interact independent of one another; they even use different means of communication. Differences can be seen in employee hiring. While the purchasing side has decreased staff, central services staff has grown, particularly after 1999 when security staff was brought back in-house. In 2000, 18 security guards and five messengers were hired. While there is a need for these services in the City, many of these employees have become substitutes for other absentee employees throughout the City. The job positions that they substitute for do not correspond to what they were originally hired to do. For example, messengers have been called in to work in the mailroom or act as parking lot attendants at various locations.<sup>54</sup>

The purchasing part of this Division appears to be overwhelmed with its operation. Currently, there are only four buyers to administer a long purchasing process that averages 30 days and is completely manual. Four clerical employees are bogged down in paper work and procedure. The staff finds very little time to participate in best practices like vendor rating systems and market studies. We are also concerned that because the process is so demanding on this function, the staff has a very hard time keeping track of their inventory for certain items like copiers and fax machines.

The Division uses the same procedure when ordering low cost items as it does for purchasing high valued items. Purchasing employees are encouraged to solicit two to three quotes for nearly all purchase requisitions even though they are only required to get more than one quote for purchases over \$1,000. Additionally, a lack of technological support makes the process of soliciting quotes much longer than it needs to be, and there is not much evidence that an active bulk purchasing process exists in this Division. This results in items being ordered in smaller quantities through many vendors and does not promote cost efficiencies found in using economies of scale.

Purchasing procedures are further complicated by manual processing. Management recognizes that automation will facilitate their operations and decrease dependency support staff. While the need for automation is clear, the Division of Purchasing and Central Services has not received support from the Division of Information Technology in this regard.

This Division shows very little evidence of having a strategic plan that would allow them to properly and effectively plan or forecast for the City. There are no clear performance measures in place for the buyers or the vendors. However, leadership in this Division seems to understand the importance of these issues and seems willing to investigate new opportunities, as long as additional resources to support the primary mission of the Division accompanied them.

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<sup>54</sup> Conversation with Steve Miller, Chief of Administrative Services.

### **Detailed Recommendations**

- PUR1 - Automate and Reengineer the Procurement System
- PUR2 - Online Purchasing and Procurement Card Usage
- PUR3 - Outsource Security Services
- PUR4 - Outsource Facility Maintenance
- PUR5 - Outsource Courier Services
- PUR6 - Transfer Responsibility For Library's Purchasing
- PUR7 - Outsource Services at the Authorities

# PUR1 - Automate and Reengineer the Procurement System

## Description

The procurement process in Jersey City is slow and cumbersome. Despite the fact that the system purchases nearly \$150 million in goods and services a year, this process is still done manually. It takes an average of 30 days to buy even the most routine goods and services and as many as 12 different steps to make a purchase.<sup>55</sup> While the process begins with City department managers completing a purchase requisition form, most of the process takes place within the Division of Purchasing and Central Services where specialized purchasing agents perform the bidding, purchasing, and tracking of invoices.

This process is heavily dependent on clerk typists to manually process the 400 purchase requisitions received each month. Once a buyer has been assigned to a purchase order the buyer decides whether to use a State contracted vendor, or to put it out to public bid. This decision is usually based on the experience of the particular buyer with State contracts and his/her relationships with local vendors. However, the Director of the Division of Purchasing and Central Services generally believes that State contracts are overpriced on many items that are regularly purchased in Jersey City government and encourages each of his buyers to solicit at least two quotes on all purchases. This rule includes purchases that are under \$250, and are considered to be low value items. Once the vendor has been selected, the purchase order is again in the hands of the City agency that requested the purchase. There are almost no controls in place to make sure that the item that is received is the actual item that was purchased.

Technological support in this Division is minimal. Vendor lists are catalogued in a database managed by the purchasing agents. However, there is no technology available for tracking purchase orders or inventory. The lack of technology in this operation makes it very difficult for the Purchasing Division to control goods and services purchased on open purchase orders, and to participate in on-line bidding, a practice that has been proven to be very efficient and effective in several municipalities across the country.

## Recommended Changes

### 1. Automation

The City should invest in a commercial, automated system that will effectively manage all procurement operations. This will allow the Division of Purchasing and Central Services to eliminate two of its four clerical positions and invest in trained purchasing agents. This will more effectively serve the mission of this Division. Once this automated system is in place, we believe that two clerical staff members should be sufficient to support the buyers administratively.

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<sup>55</sup> See Map 1 – Current Jersey City Procurement Process in Appendix.

## **2. Reengineer Procurement Process**

The City should also streamline its procurement process. We recommend a simplified process where more of the responsibility is transferred from the Division of Purchasing and Central Services to the department that is requesting the purchase.<sup>56</sup> This transfer of authority is especially clear with items under \$1,000 where the departmental designees can do the purchasing themselves, ensuring that they receive materials in a timely manner. This will allow buyers to focus on more significant purchases. The electronic system that supports this improved model will allow the Division of Purchasing to monitor the purchase order as it travels throughout the process at any time and to spend more time doing proactive work such as negotiating purchases and expanding its vendor pool

## **3. Increase the Number of Buyers**

The Division of Purchasing and Central Services should enhance their purchasing staff to include three additional buyers. The buyers should have the capacity to learn to use the new automated system.

## **Rationale**

### **1. Automation**

Currently, procurement relies completely on processing purchase orders manually. This burdensome process has caused the Division to abandon any ideas of developing a more sophisticated method of tracking the purchases of individual departments and divisions. The cost of manually processing purchase orders often exceeds the value of the goods and services purchased<sup>57</sup>. Automation will greatly enhance the capacity of the Division of Purchasing and Central Services. While an automated system requires a monetary investment, the cost and time savings associated with this technology is substantial. Automating the process should eliminate a significant portion of time that buyers and support staff spend on pushing purchase orders through the system. As a result, staff will be able to channel their efforts to make the procurement program run more efficiently and hold both vendors and City departments that request purchases accountable for their performance. At the same time, an automated procurement process will also attract a variety of new vendors and should increase spending efficiency throughout the City.

Automated systems are absolutely essential for a modern procurement operation. The Center for Advanced Purchasing Studies (CAPS) surveyed 19 municipalities to pinpoint successful performance benchmarks in a 1999 study. This study included cities such as Minneapolis, Minnesota; Fort Wayne, Indiana; Tulsa, Oklahoma; and Wilmington, Delaware. Of the 19 municipalities surveyed in the CAPS study, 94.7% used an automated purchasing system. Of all of the cities that participated, Fort Wayne showed the most similarity to Jersey City; its Purchasing Department has a budget of \$1.2 million and its City population is 200,000. Fort Wayne, like a number of municipalities across the country has transitioned into automated procurement systems. Currently, Fort Wayne is using a system developed by *American Management Systems (AMS)*, the same company that developed Jersey City's Division of Purchasing and Central Services' financial accounting system. AMS estimated that it would cost \$700,000 to fully implement a web based procurement software package in a city such as Jersey City. While there are a number of private firms that have developed similar packages, we believe that this is a reasonable estimate of the investment that would be required.

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<sup>56</sup> See Map 2 – Recommended Jersey City Procurement Process in Appendix.

<sup>57</sup> Andersen. Internet to Solve Operational Procurement Challenges. 2000

## **2. Reengineered Procurement Process**

The new process that we recommend, when supported by automation, greatly reduces the steps involved in purchasing lower valued items. Its approach has both centralized and decentralized elements. Thirty percent of purchases made by Jersey City divisions are under \$250 in value. Following the improved model will save the Division of Purchasing and Central Services significant time and resources in tracking these orders through the process.

The CAPS study also showed that 61% of the cities surveyed combine a centralized and decentralized purchasing process. This is the form that has been suggested in Map 2 in the appendix and allows departments and divisions to have a first hand role in procurement. This study also found 90% of the cities had a small purchase system (for purchases that were on average under \$2,000). This small purchase system allows departments to purchase these low cost items independently of the centralized purchasing office.

## **3. Increase the Number of Buyers**

While automation and a streamlined process will eliminate the need for two of the four clerical staff, we believe that hiring three additional buyers is warranted to bring the Division of Purchasing up to a higher level of effectiveness. Currently, compared to other cities, Jersey City's Division of Purchasing and Central Services is slightly understaffed. The 19 cities surveyed in the CAPS study averaged one purchasing employee for every 302 City employees. Currently, Jersey City employs 2,892 people.<sup>58</sup> The study's standard suggests that Jersey City should have ten purchasing employees. Presently, Jersey City has nine purchasing employees. However, with four clerical employees, the current ratio of purchasing agents to clerical workers does not represent an industry standard. To optimize the staffing level Jersey City should hire additional purchasing agents and eliminate a portion of the support staff.

Finally, these changes in automation, process, and staffing will allow trained buyers to concentrate on more strategic activities like developing relationships with vendors, purchasing goods and services in bulk, analyzing the purchasing behavior of the City, and developing market studies. Refocusing procurement activities will increase the productivity and efficiency of this Division and may substantially lower costs of goods and services to Jersey City.

**Annual Cost Savings: \$677,686**

**Investment Needed: \$725,000**

**Staffing Change: Up 1**

The table on the next page describes how spending levels will change as the Division of Purchasing and Central Services transitions from a manual system to one that is automated. Currently, the Division has four clerical employees whose total salaries equal \$152,686. We recommend that they keep two clerical workers for support at an average salary of \$30,000. We also encourage the City to hire three additional buyers. Similar to what some of the Division's buyers are currently being paid, we estimate the new buyer's salary at average of \$35,000. In addition we suggest that the City invest in training all of its purchasing personnel. The cost estimate for automation includes implementation and training for the specific package. However, we believe that additional training with a focus on purchasing alternatives that would enable the Division to obtain the best prices would also be invaluable. These costs can be justified when capturing all of the benefits that these employees will bring to the City.

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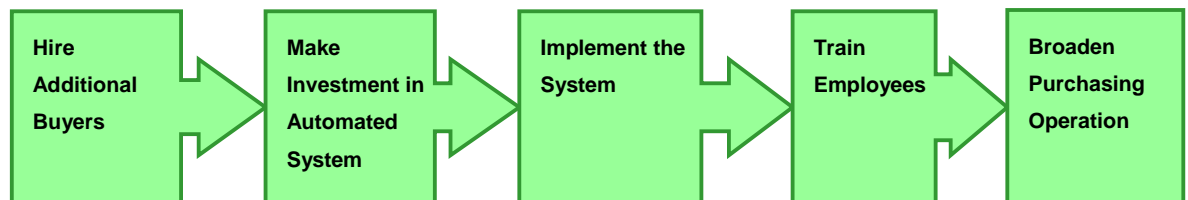
<sup>58</sup> This information was supplied by the Jersey City Employee Report

Once this Division has the staffing capacity to proactively seek out the most cost efficient purchases and demand high level performance from its vendors, the three additional employees will more than pay for themselves. Conservatively, we estimate that with the additional work capacity that more employees will provide the Division, a savings of one-half of one percent of the total purchasing cost can be accrued. This would approximately equal a savings of \$750,000.

Spending Levels for Automating the Procurement System		
Cost	Current	Recommended
Support Personnel	\$152,686 <sup>59</sup>	\$84,000 <sup>60</sup>
Three Purchasing Agents		\$141,000 <sup>61</sup>
Purchasing Budget	\$150,000,000	149,250,000 <sup>62</sup>
<b>TOTAL COST</b>	<b>\$150,152,686</b>	<b>\$149,475,000</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$677,686</b>
<b>Investment</b>		
Training		\$25,000
Purchasing System		\$700,000
<b>NEW INVESTMENT NEEDED</b>		<b>\$725,000</b>

### Next Steps

This recommendation must be undertaken in steps. First, the investment in the automated system must be made and the implementation process must begin. A successful implementation will depend on thorough training and clear expectations set by the City and Division of Purchasing and Central Service's leadership. Once this has occurred the purchasing operation should be broadened to include the City divisions actually requesting purchases. This will allow the responsibility of the purchasing process to be distributed throughout the City instead of falling completely on the Division of Purchasing and Central Services. This modification of the current system will be a lot more effective, specifically with lower cost items, a threshold that can be determined by the City.



<sup>59</sup> Salary information came from the Jersey City Employee Report. We added \$6,000 as an average cost for employee benefits.

<sup>60</sup> We recommend that the Division of Purchasing and Central Services retain two of their current clerical employees. We averaged the salaries and came up with \$36,000 per clerical worker, we then added \$6,000 to each for benefits.

<sup>61</sup> We estimated the average salary for a purchasing agent in Jersey City to be \$41,000. We recommend that three additional buyers be hired. This figure includes an average benefits cost of \$6,000 per new employee.

<sup>62</sup> We believe that this recommendation will allow the purchasing employees to be much more proactive in administering procurement for Jersey City. We believe that these new activities will produce an approximate savings of \$750,000, the equivalent of one-half of one percent of total purchasing dollars spent.

## PUR2 - Online Purchasing and Procurement Card Usage

### Description

Currently, the Division of Purchasing and Central Services has a very complicated manual process for procuring goods and services. The current process can be seen in detail in Chart 1. The lack of technology infrastructure in the Division forces the purchasing agents to receive quotes from vendors via phone and fax. In fact, almost all communication between this Division and vendors is done via phone and fax rather than electronically. Depending on time constraints, the number of vendors contacted for quotes may be limited, resulting in price inefficiencies.

### Recommended Changes

The City should invest and utilize procurement cards for small purchasing to the extent permitted by New Jersey law<sup>63</sup>. Several private firms have developed procurement cards that are used in both government and the private sector (i.e. ProCard, Inc., Visa and MasterCard). The City should research these companies and determine which firm provides the type of services that would best improve the City's purchasing procedures.

An analysis of the City's current expenditures will determine the types and costs of goods frequently purchased and the departments requesting purchases. A measure that is typically used to determine this is the percentage of total purchase orders that are used for purchases below a specific small dollar level. This percentage will help the City identify the types of services they will require from the company supplying the procurement cards. The City should determine the procedural changes that need to take place once this recommendation is implemented. For example, the level of documentation required, reconciliation process, as well as the monthly statement approval process may need to be more sophisticated in order to maintain the proper controls.

The City will need to set spending caps for employees designated to use the procurement cards. Some private sector companies have found that purchases under \$1,000 account for 75% of their purchasing transactions<sup>64</sup>. The use of procurement cards for such transactions would greatly reduce processing time and cost for the City of Jersey City. However, we would advise that Purchasing and Central Services maintain control over purchases that exceed a specified value.

### Rationale

Procurement cards will allow the Division to participate in electronic commerce and will broaden the possibilities for receiving the best possible prices for goods and services. In this era of eCommerce, phone and fax are not the most time efficient ways of receiving quotes and making purchases. Procurement cards can give the City an opportunity to compete in the thriving market place that exists on-line.

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<sup>63</sup> This is based on our assumption that the State of New Jersey will legally allow the City to participate in on-line purchasing using procurement cards.

<sup>64</sup> Reducing Processing Costs and Cycle Times for Smaller Order. Andersen.

Procurement cards also reduce processing costs as well as time for routine transactions. Some private sector companies have documented savings as high as 90% when they switched to procurement cards for small purchases. The Center for Advanced Purchasing Studies (CAPS) surveyed 19 municipalities in 1999, and of those 19 municipalities 63.2% use procurement cards for small purchases (other than travel). These cards reduce the number of processing steps and, therefore, reduce labor and cycle time costs.

Companies that provide procurement cards can also provide reports tailored to fit the needs of individual municipalities. Reports that sort data by departments, vendors, and reference codes can be very important to the City's record keeping efforts. Overall, procurement cards can open up opportunities for the City to get involved in activities that will make the Division more efficient in carrying out its mission.

### **Annual Cost Savings**

The savings associated with the implementation of this recommendation are difficult to quantify. The use of procurement cards will certainly provide time and cost savings for the City. The long term benefits of this recommendation include a streamlined process for purchasing low valued items, expanded opportunities for reaching and communicating with vendors, and customized reports that can inform purchasing officials about their spending patterns.

## PUR3 - Outsource Security Services

### Description

The Division of Purchasing and Central Services is responsible for purchasing all goods and services for the City's departments and divisions including security services and courier services. Currently, this Division employs 43 people, 17 of whom are security guards.

Security personnel work a uniform schedule and are coordinated by the Chief of Administrative Services and the Supervising Security Guard. The Chief of Administrative Services estimates that he spends three hours every day handling security matters such as organizing payroll data for the Division of Pension and Payroll. There are five locations in the City where security personnel are assigned (see chart below). Security guards at City Hall, 325 Palisades Avenue and the Department of Public Works are rotated among locations while guards at the Department of Health Services and Police Headquarters are staffed with the same employees every day, excluding absences. Currently, there is only one security position that is externally contracted: one armed guard. This guard accompanies a messenger every day in depositing money at each of the six banks the City utilizes.

The Division has had some experience with outsourcing this operation. In 1998, the City advertised a Request for Proposal (RFP) for security services. The three lowest bids were evaluated based on selection criteria and a contract was awarded. A lawsuit was filed by one of the losing contractors. As a result, after the contract ended the City decided not to continue to outsource these functions. The internal employment of security staff was resumed even though the City had saved money using the contractor.

The City's security employees are assigned to five of the City's 40 public buildings as described in the table below.

Security Services in Jersey City				
Location	Quantity	Shifts	Daily Coverage	Duties
325 Palisades Avenue	1	2 Mon-Fri	12 hours	Securing the building
City Hall	1	2 Mon-Fri 1 Sat-Sun	16 hours	Securing the building
Department of Health Services	1	1 Mon-Fri	8 hours	Parking Attendant
Department of Public Works	2	3 Mon-Sun	24 hours	Securing the building, Pumping gas
Police Headquarters	1	1 Mon-Fri	8 hours	Clerical duties

## Recommended Changes

The Division of Purchasing and Central Services should outsource security services. Outsourcing service delivery in an important area such as security requires that the RFP process be taken very seriously. Andersen has developed a methodology for effective RFP development; an overview of this methodology appears in the following pages under the section called *Next Steps*. By utilizing this methodology the Chief of Administrative Services should be able to facilitate any contracts that are awarded based this recommendation. The Division should use its existing relationship with a security company for the armed guard as an opportunity to build on its experience with outsourcing security services.

We also recommend that the City transfer the cost of supplying a parking lot attendant to the Department of Health Services' parking lot and a receptionist at Police Headquarters to the respective Departments. Departments that need those positions should be paying for them directly; these costs should not be shifted to the Division of Purchasing and Central Services. We do not recommend that these positions be included in the contract for security services.

## Rationale

We question to need for so many security guards given the number of buildings they are employed to protect. Outsourcing to a private firm will allow the City to pay for only as many security guards as are necessary. There are firms locally and nationally that provide this service; the proof is in the City's successful RFP process in 1998 and the contractor that is currently providing an armed guard.

The Division of Purchasing and Central Services ended the attempt at outsourcing security services because of one problem with one contractor. This issue should have motivated staff to review the process that led to the selection of that particular contract rather than to simply move the operation back in-house. Proper RFP development and selection criteria can limit these types of risks. The Chief of Administrative Services believes that outsourcing this service is much less expensive than providing the service in-house. It will serve Jersey City financially and operationally to withdraw from supplying this service through internal resources.

## Annual Cost Savings: \$114,943

### Staffing Change: Down 18

The table on the next page describes the cost savings that the implementation of this recommendation will produce. The Chief of Administrative Services will spend some percentage of his/her time monitoring the selected contractor. However, the City will no longer need a Supervising Security Guard. Security costs can be transferred to the departments utilizing the service. For example, The Department of Health Services and the Police Department may still require the use of a Parking Lot Attendant and a Receptionist, respectively. However, these costs should be transferred and will not be saved from an overall City budget perspective.

Currently, The Department of Public Works is using two security guards 24 hours a day, 7 days a week. One of these guards serves as a gas attendant at the full-serve Department of Public Works gas pump. The City should investigate shifting to self-serve pump at this station and reduce security coverage at Department of Public Works from two full time security guards, to one full time and one part time guard. These costs are included in the Contracted Services line item.<sup>65</sup>

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<sup>65</sup> Conversation with Chief of Administrative Services.

Spending/Income Levels for Security Services		
Cost	Current	Recommended
Salaries and Benefits		
Chief of Administrative Services <sup>66</sup>	\$19,324	\$6,978
Supervising Security Guard <sup>67</sup>	\$23,721	\$0
Security Guards <sup>68</sup>	\$373,023	\$44,000 <sup>69</sup>
Recreation Security Guards <sup>70</sup>	\$57,408	\$0
Uniforms	\$5,000	\$0
Vacation Days <sup>3</sup>	\$11,400	\$0
Sick & Personal Days <sup>3</sup>	\$8,220	\$0
Contracted Services (eg. Labor Management Concepts, Inc.)		
Security Guards		\$332,175 <sup>71</sup>
<b>TOTAL COST</b>	<b>\$498,096</b>	<b>\$383,153</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$114,943</b>

The monetary estimates used in the Contracted Services costs in the table above were taken from the proposals that answered the 1998 RFP for security services. To be conservative we used the highest of the three lowest bidders and added 3% per year to this amount to be conservative.

<sup>66</sup> The Chief of Administrative Services estimated that he currently spent three hours a day supervising the security guards and their assignments. This estimation correspondingly cost the City \$19,324 in his salary (he is paid \$26.84 per hour). Our recommendation would reduce the time he spends on supervising security matters to approximately one hour a day.

<sup>67</sup> Currently the Supervising Security Guard is responsible for overseeing both messenger duties and security assignments. Therefore, we allocated half of his salary to the security function. We do not believe that a supervisor will be needed once this function is outsourced.

<sup>68</sup> The Division of Purchasing and Central Services provided a list of all current security guards' salaries and benefits.

<sup>69</sup> The Department may retain a parking lot attendant; in this case the City would still be paying for this position. We estimated that this would cost the City \$18,700. To be conservative, we rounded this figure up to \$19,000. The average City parking lot attendant is paid \$9.00 an hour; currently this position is filled 40 hours a week. The Police Department may want to retain a receptionist, so we estimate that this will cost the City \$24,960, rounded to \$25,000. The average City receptionist is paid \$12.00 per hour and this position is also filled 40 hours a week.

<sup>70</sup> The Department of Recreation supplied a list of employees who spend time securing property and provided information on their salaries.

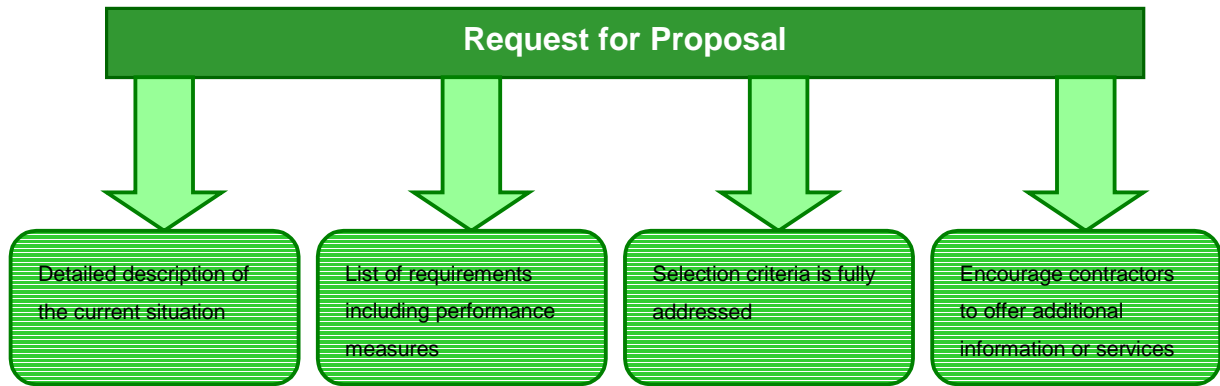
<sup>71</sup> This estimate was calculated based on the bids that were received in 1998. Labor Management Concepts, Inc filed the highest of the three lowest bidders. We realize that inflation may have increased the cost of providing this service now, so to be conservative we add 6% to the \$313,373 that Labor Management Concepts, Inc. estimated it would cost to provide this service in 1998. Unarmed guards (560 hours/week) would cost \$300,810. Armed guards (20 hours/week) would cost \$12,563.

## Next Steps

The Jersey City Division of Purchasing and Central Services needs to develop an RFP to begin the process of selecting a contractor to provide security services. There are two very necessary requirements in RFP development:

- a selection schedule should be clearly established early in the process
- the selection process should be coordinated and ready to begin once proposals have been collected.

The RFP should include:



## **PUR4 - Outsource Facility Maintenance**

### **Description**

The Department of Public Works maintains 26 buildings for the City of Jersey City. This effort includes janitorial services and building repairs in most of the municipal offices. The Director of Public Works and the Division Director of Repair and Maintenance manage the employees, external contractors, and resources used to maintain the City's buildings. The management of this operation includes contacting local businesses for services when needed and dispatching the internal employees to locations in need of emergency repair. Often the extent of repair is beyond the expertise of the City's employees. For example, the City does not have a Heating, Ventilation and Air Conditioning (HVAC) expert and always contracts out for that service.

Currently, the City has four active contracts for janitorial services in 24 of the 26 buildings that it maintains. The Department of Public Works received proposals from six companies when it put janitorial services out to bid in 1999. The Department decided to use four of the companies for at least one building each. These contracts direct the private firms to dispose of trash and clean the floors and offices during business hours. After business hours, the companies are on-call for the City.

The two buildings excluded from the current contracts are City Hall and the Department of Economic Opportunity building on Newark Avenue. City Hall was excluded because Public Works felt that the custodial employees were often asked to perform spontaneous functions that would be hard to explain in the bid specifications. For example, custodians at City Hall often have to raise the flags in front of the building, and make preparations for different parades and festivals in the City. When the City decided to outsource facility maintenance they also endured a labor struggle with the internal employees who had been performing this function. During this time the City acquired the building that houses the Department of Economic Opportunity. This building had not been included in the initial Request for Proposal, therefore, the City kept one of the custodial employees for that building and seven employees for City Hall.

The City employs 41 people to handle building repairs and maintenance. Generally these employees are partially skilled in several areas of building maintenance such as plumbing and pipe repair. However, the Director of Public Works believes that, because the maintenance employees are paid below the industry standard, the City does not receive the highest level of expertise. These employees sometimes also serve in an emergency maintenance capacity. When there is a leak in a City building needing immediate attention, this problem is usually addressed by DPW employees. However, it is also common for the City to hire three or four plumbers to come in to deal with the more substantial problems.

## Recommended Changes

The City should outsource most of its facility maintenance. This would require the development of an RFP and vendor selection criteria. Due to their age, Jersey City buildings often require emergency maintenance. To ensure that these situations can be handled properly, we recommend that the City retain at least two employees as “crisis managers.”

## Rationale

The City has had experience with outsourcing parts of facility maintenance. The Director of Public Works has observed cost savings due to this effort. We believe that these cost savings will increase if more work is contracted out. The remaining janitorial services should be outsourced (except for two crisis managers). The two employees that are retained should be able to assist the City when flag raises or community parades and festivals need special attention. DPW is already outsourcing a great deal of repair work when its internal employees can not handle the repairs. Currently, the 41 City employees performing maintenance on buildings are consistently used in “emergency response” situations. Maintaining this level of internal staff for such situations depletes DPW’s budget. This recommendation will eliminate some of these positions yet leaving the City prepared to handle such emergencies and special events.

The International City/ County Management Association (ICMA) conducted a study called *Comparative Performance Measurement*. This effort benchmarked facility maintenance costs for a number of cities. Out of 38 cities surveyed about whether they outsourced or kept their maintenance operations in house, 24 used some combination of contracted and in-house employees.<sup>72</sup> This is consistent with best practices in the property management industry.

## Annual Cost Savings: \$115,000

### Staffing Change: Down 6

Currently, Jersey City is spending \$3.55 per square foot on a combination of in-house and contractual custodial services and \$2.07 building repair. If the City were to completely outsource custodial services over \$115,000 could be saved. The savings realized in building repair and maintenance would vary depending on the service provider the City selects. However, we believe that outsourcing this function would be a cost efficient venture for the City as Jersey City’s current costs for this operation are out of range with other similar cities. The maintenance of City Hall is an example. Buildings similar to City Hall (in square footage and age) were documented as costing \$1.33 per square foot to clean and \$1.62 per square foot to maintain and repair.<sup>73</sup> However, Jersey City’s pays \$4.61 per square foot to maintain City Hall, which includes custodial, repair and maintenance service. The table on the following page provides data on comparison cities.

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<sup>72</sup> Comparative Performance Benchmarks, 1999. International City/ County Management Association

<sup>73</sup> 2000 BOMA Experience Exchange, 2000. Building Owners and Managers Association International

Facility Maintenance Costs (per square foot) <sup>74</sup>				
City, State	Custodial Service		Building Repair	Total
Jersey City, NJ	In-House \$2.55 <sup>75</sup>	Contracted \$1.00 <sup>76</sup>	\$2.07 <sup>77</sup>	\$5.62
Newark, NJ (private sector)	\$0.93		\$1.22	\$2.15
Newark, NJ (government sector)	\$1.82		\$2.74	\$4.56
Philadelphia, PA (government sector)	\$1.94		\$1.30	\$3.24
Cincinnati, OH (government sector)	\$0.99		\$1.83	\$2.82

<sup>74</sup> Cost estimates for cities other than Jersey City are from 2000 BOMA Experience Exchange, 2000. Building Owners and Managers Association International.

<sup>75</sup> Jersey City uses the equivalent of 7.5 full-time internal employees to administer custodial maintenance. The average salary and benefits for employees in this Division is \$37,295, uniform cost are \$58 per employee, and \$48,958 is spent on cleaning and sanitary supplies. The City maintains 129,300 square feet of building in its in-house operation. Using these numbers, we calculate total custodial cost \$2.55 per square feet.

<sup>76</sup> This is an average of the cost per square feet for each of the three contractors that are currently used in custodial maintenance.

<sup>77</sup> There are 34 employees who handle facility maintenance for City buildings. This cost was calculated using the average salary and benefits for an employee in this Division plus uniform cost. The City is maintaining approximately 614,551 square feet of buildings. We were unable to isolate material and supplies cost for facility maintenance purposes. Therefore, this cost estimate is very conservative, and actual costs are probably higher than documented here.

## PUR5 - Outsource Courier Services

### Description

The Division of Purchasing and Central Services operates a courier system for the City's Departments. This system is managed by the Central Services part of this Division and is coordinated and organized by the Chief of Administrative Services and the Supervising Security Guard. The City employs nine messengers and utilizes nine vehicles to operate this service.

The couriers are assigned to various routes day to day. The Supervising Security Guard makes sure that the following areas have messenger service:

Functions	Number of Messengers	Duties
Daily Routes	4	Follow the route system delivering and picking up inter-office mail.
Special Deliveries	2	Delivers agendas to board and council members and drives people upon special request from City officials.
Police Precincts	1	Delivers mail and packages between precincts.
Out of Town	1	Hand delivers packages to Trenton or other locations outside of Jersey City.
Bank Deposits	1	Makes daily bank deposits for the City.

The couriers follow their daily assignments delivering mail and packages and escorting persons visiting or conducting business in Jersey City. The Chief of Administrative Services is also called upon to use the couriers to fill in for absent employees in other Divisions. For example, couriers often substitute for parking lot attendants at municipal office buildings or in the City's mail room. The coordinators of this service also juggle the constant requests for "special delivery" messengers at all times of the workday. These messengers often drive special guests of the Mayor, potential developers, and other visitors around the City.<sup>78</sup>

### Recommended Changes

Jersey City should outsource its in-house courier operation. Preparations for outsourcing this service should include the development of an appropriate Request for Proposal (RFP) and selection process. Existing courier firms located in the Jersey City area have confirmed that a delivery system could be developed to effectively provide couriers and messengers to the City of Jersey City. This system would include the development of a daily route system, stopping at each building (as pre determined in the contract). While there is an existing route system, the contractor should review the current routes and modify them as needed to reach both time and cost efficiencies.

This recommendation would eliminate nine messenger positions and would reduce the time that management spends coordinating and supervising their efforts. The current Chief of

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<sup>78</sup> Including, we should note, Andersen staff working in Jersey City on this report.

Administrative Services could conduct oversight of the contracts as he is currently supervising the coordination of the in-house messengers.

### **Rationale**

There are private firms willing and able to carry out this service for less money than the City is now spending. Our research has shown that the firms that exist locally have developed and implemented route systems similar to the one that we are recommending. Jersey City should relieve itself of this financial and administrative burden.

By outsourcing courier services, the City will eliminate its current problem of paying higher-paid couriers to perform as substitutes in lower-paying positions. This recommendation will reduce the cost that the City endures in carrying out this operation by eliminating nine messenger positions and allowing the employees currently tasked with managing this operation to distribute their time and resources in other ways throughout the Division. Maintenance cost of the City vehicles used to perform messenger duties will also be effectively reduced through the implementation of this recommendation.

**Annual Cost Savings: \$147,686**

**Staffing Change: Down 9**

The table on the following page includes information on the cost savings associated with implementing this recommendation. The hours that the Chief of Administrative Services currently spends monitoring this service will decrease; however some time will have to be spent supervising the selected contractor. This recommendation eliminates all of the messenger positions and the costs associated with maintaining and insuring the vehicles needed to provide courier service to the City. To provide recommended spending levels for contracted services, we used Comet Delivery Services, Inc. as an example, because they currently are contracted by the Jersey City Free Public Library. We believe that this is an accurate estimate of the value of a contracted courier service.

Spending/Income Levels for Courier Services		
Cost	Current	Recommended
Chief of Administrative Services	\$13,956 <sup>79</sup>	\$6,978 <sup>79</sup>
Supervising Security and Messenger	\$18,800 <sup>80</sup>	\$0 <sup>2</sup>
Salaries and Benefits of Messengers	166,908 <sup>81</sup>	\$0
Vehicle Maintenance and Insurance	\$45,000 <sup>82</sup>	\$0
Contracted Services (e.g. Comet Delivery Service, Inc.)		
Courier Services	\$0	\$90,000 <sup>83</sup>
<b>TOTAL COST</b>	<b>\$244,664</b>	<b>\$96,978</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$147,686</b>

<sup>79</sup> We estimated that the Chief of Administrative Services spends two hours a day supervising the messengers and their routes. He is currently paid \$26.84 per hour. Our recommendation would reduce the time he spends on supervising courier matters to approximately one hour a day.

<sup>80</sup> The Supervising Security Guard is responsible for overseeing both messenger duties and security assignments. Therefore, we allocated half of his salary (\$18.08 per hour) to the security function. We do not believe that a supervisor will be needed once this function is outsourced.

<sup>81</sup> This information was provided by the Division of Purchasing and Central Services. To calculate the benefits we used an average of \$6,000 per employee.

<sup>82</sup> This cost was calculated using estimates that were provided by the Jersey City Free Library. They estimated that it cost them approximately \$5,000 to maintain and insure the vehicle that they use for delivery in 2000. We multiplied \$5,000 by the nine vehicles that the City uses for couriers.

<sup>83</sup> The City operates five messenger routes, each averaging 14 stops. Comet Delivery Service, Inc. charges \$4.60 per stop. We estimated that it would cost the City \$83,720 to use Comet's services once daily five days a week. To be conservative we rounded this up to \$90,000 to account for an unplanned need for couriers.

## **PUR6 - Transfer Responsibility For Library's Purchasing**

### **Description**

Jersey City's Free Public Library procured \$600,000 in goods and services last year. The Library's Chief Financial Officer (CFO) administers the purchasing process and all purchase orders eventually travel through the Business Office. New books are the largest percentage of all purchases made by the Library. Book purchases are excluded from New Jersey Public Contracts Law. These items are procured electronically and are separate from the everyday purchases needed to manage and run the Library system. The purchase of books distinguishes the Library's purchasing process from the City of Jersey City's process. However, similar to the City, the Library purchases office supplies, furniture, security and delivery services using its own purchase order request forms, relationships with vendors and ultimately its own tracking process.

The Library's purchasing procedures follow both a centralized and decentralized form. Low valued items, as determined by the CFO, are purchased directly by the Library branches, whereas, higher valued items are purchased through the Business Office. The CFO has given each branch, depending on the size, a dollar threshold (ranged between \$200 - \$500) for purchasing low valued items, like paper clips and office stationary. This allows the Principal Librarian in each branch to purchase independently and ensures that they receive essential supplies in a timely fashion. Once these items are ordered, the purchase orders are processed in the CFO's office.

Currently, thirty employees at the Jersey City Public Library are assisting in the purchasing process in some way.<sup>84</sup> Most of these employees are not purchasing full-time but are spending some percentage of their daily activities processing purchase orders. Employees of the Library have described this as a burdensome task in which they lack specific expertise as an Agency.

### **Recommended Changes**

Some of the responsibilities associated with purchasing for the Jersey City Free Public Library be transferred to the Jersey City Division of Purchasing and Central Services once Purchasing and Central Services has fully automated and reengineered its processes. The Division of Purchasing and Central Services has consulted with the Library and its staff on several purchases in the past when the Library has needed assistance with particular orders. Jersey City's purchasing employees possess the expertise needed to obtain the most cost efficient prices. Once the Division is enhanced with automated technical support, it will be more than capable of handling the added duties.

The purchase of books requires some specialized knowledge of the needs of the Library. Therefore, we recommend that the Principal Librarians continue to purchase books for the specific locations. The branch locations should also continue to purchase items of a low value (to be determined by the Business Office). The Division of Purchasing and Central Services would then take responsibility for purchasing items of a higher value.

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<sup>84</sup> Conversation with Al Cameron, CFO

The implementation of this recommendation will also require that the City's Division of Purchasing and Central Services develop a cooperative relationship with the Library staff that currently handles purchasing procedures. Assigning one buyer to the Libraries will be conducive to making sure that this relationship supports an accurate and consistent flow of information. Employees that the Division of Purchasing and Central Services assign toward this operation may require additional training in the specific needs and support that purchasing goods and services for the Library will call for.

### **Rationale**

The City's purchasing officials have responded positively to the idea of taking over some of this responsibility and feel capable of doing so given additional support. This recommendation will reduce overhead costs and processing time for the Library's staff as well as increase the City's chances of reaching efficiency through economies of scale.

This recommendation does not require that any specific job titles be eliminated from the Library's staff. Removing the purchasing responsibility from the hands of Librarians and the Chief Financial Officer will allow those employees to perform their primary duties more efficiently.

### **Annual Cost Savings**

The impact of this recommendation is difficult to quantify because there are so many Library employees currently carrying out the purchasing process. These positions cannot be eliminated because most of these employees are not functioning primarily as purchasing agents and thus will still have a job to perform at the Library after the purchasing function is transferred to the City. However, it is clear that time savings and higher productivity levels can be achieved throughout the operations of the Library. It is possible that once the purchasing responsibilities are taken from some of these employees a managerial review of job descriptions and salaries will produce substantial cost savings for the Library system.

## PUR7 - Outsource Services at the Authorities

### Description

The City of Jersey City has four authorities that act as independent agencies and receive appropriations from the City's budget annually. In return, the Jersey City Parking Authority, Jersey City Incinerator Authority, The Jersey City Free Public Library, and the Municipal Utilities Authority provide services to the citizens of Jersey City. These services are provided outside of the City's budget, as these Authorities are autonomous and create separate budgets. Where applicable, only a line item appropriation appears in the City budget for these authorities.

Currently, each of the four above-mentioned entities operates separately from each other even when their cooperation could promote efficiency. An example of this is the management of security, delivery and facility maintenance services. Presently, there is a mixture of both contracted and in-house operations providing these services at various costs to each of the different authorities.

The Jersey City Free Public Library spends \$4.03 per square foot in facility maintenance costs at each of its library branches.<sup>85</sup> Meanwhile, the Jersey City Incinerator Authority is spending \$2.31 per square foot in facility maintenance costs.<sup>86</sup> This includes cleaning supplies, maintenance and repairs, and salaries of the employees that service the buildings associated with those agencies. The International City/County Management Association (ICMA) published a *Comparative Performance Measurement Data Report* in 1999 that documents the mean cost of custodial services and building repairs and maintenance in several cities. In the cities of Dayton, Ohio, Reno, Nevada and Geneva, New York, the average facility costs were \$1.31 per square foot and \$1.80 per square foot for custodial services and building repair/maintenance costs respectively.

Another example is security services. JCIA uses internal employees to secure its buildings at a cost of \$0.57 per square foot; the Libraries contract this service out at a cost of \$0.39 per square foot. While the Libraries also make use of an electronic security alarm system, not included in the \$0.39 estimate, the discrepancy in these costs are evidence that there could be additional savings to the authorities.

### Recommended Changes

In order to determine whether there is a more efficient way of maintaining and securing the facilities used by the authorities, we recommend the exploration of utilizing private contractors. The authorities should also consider developing a joint purchasing committee to review ways to cooperate with each other, as well as the City, in purchasing essential and routine goods and services.

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<sup>85</sup> by using budget numbers supplied by the Library. Currently, the Library spends \$646,568 in facility maintenance costs (includes salaries, cleaning supplies, repair, vehicle expense, and maintenance and repair costs). The Library maintains 160,420 square feet.

<sup>86</sup> We arrived at this estimate by using budget numbers that were supplied by JCIA. Currently, JCIA spends \$225,780 in facility maintenance costs (including salaries, equipment, and cleaning supplies). JCIA maintains 97,600 square feet of space.

## **Rationale**

Private contractors offer an alternative method of delivering this service. Outsourcing may be a more cost efficient option for the authorities as well as the City as a whole. In addition, a joint purchasing committee may facilitate cooperation amongst the authorities in the area of purchasing, resulting in a more cost and time efficient operation. Completely outsourcing, or combining contracted services with a limited number of centralized in-house employees may serve budgetary interests.

Recommendations concerning outsourcing security, delivery and facility maintenance services in City buildings have also been made for the Division of Purchasing and Central Services in this report. Once the City implements this recommendation, there may be potential for the authorities to enter into a service agreement with the City to manage these service contracts for them as well.

## **Annual Cost Savings**

It is premature to project actual savings that may result from the implementation of this recommendation since the direction that the authorities may follow depends on how quickly Purchasing and Central Services reforms and updates its processes as well as what services the authorities decide to outsource. As can be seen by the wide variations in costs per square foot that authorities are now spending, there may not be uniform answers to the challenges the different authorities face.

## Division of Real Estate

Key Facts	
<b>Budget</b>	<b>Employees</b>
\$235,000 – FY 2000 Adopted Budget	6 employees – FY 2000
\$236,000 – FY 2001 Mayor's Budget	6 employees – FY 2001
<b>Revenue Generated for City</b>	
<ul style="list-style-type: none"><li>• \$2,033,000 – FY 2000 Actual Revenues</li><li>• \$1,350,000 – FY 2001 Mayor's Budget</li></ul>	
<b>Primary Functions</b>	
<ul style="list-style-type: none"><li>• Manage and Sell Foreclosed Property</li><li>• Run Non-compliance with Sales Agreement Program</li><li>• Run Tax Lien Management Program</li><li>• Manage Payment on City Leases</li></ul>	

### Description

The Real Estate Division of the Department of Administration is a small operation that generated over \$2 million in revenue in FY 2000. Unlike many real estate departments in other cities, it does not have responsibility for managing the property owned and occupied by the government of Jersey City. Instead, it primarily has responsibility for managing property that Jersey City acquires through foreclosure.

The Division of Real Estate has six employees, and an annual budget of around \$235,000 per year. This budget and the Division staff have been relatively stable for several years, although two of the six staff members have recently retired.<sup>87</sup> The Division currently performs four functions:

#### Manage and Sell Foreclosed Property

The Real Estate Division manages the process of acquiring and selling property that the City forecloses on when the property owner fails to pay taxes or discharge City liens. The City uses outside attorneys to handle property acquired through foreclosure. Once the City receives good title to the properties, a list is generated of potential properties for auction. HEDC reviews this list of acquired land and decides which properties should be held back from sale for economic development purposes. In the City's current property inventory, 61% of all properties have been held back from sale by HEDC and by other City agencies. The total assessed value of properties held back from sale is \$63,586,600.<sup>88</sup>

<sup>87</sup> The Real Estate Manager expects to have a very hard time filling the positions (which are much more substantive than their job titles) at the low salaries being offered. Meeting with Ann Marie Miller, January 25, 2001

<sup>88</sup> While it is not certain from the assessed value what the actual market value of the properties would be, in this real estate market we assume that many of the properties might be sold for substantially more than their assessed values.

The parcels not held back are then packaged for sale. The City's tax assessor personally sets a minimum price for each property, and the Division of Real Estate publicizes and conducts a public auction. The funds received from the auctions go into the City's General Fund. In FY 2000, property auctions generated over \$2 million in revenues for the City.

The process from property foreclosure to sale usually takes about six months. The Real Estate Division manages the properties that are waiting to be sold and the properties that HEDC holds back from sale. At any given time, there are between five and 40 occupied properties in this inventory. The Real Estate Division collects rents, makes repairs, and maintains the property in conjunction with DPW (who actually does the required work on the property). In addition to the occupied properties, the City might have title to over 500 vacant parcels that also require maintenance.<sup>89</sup>

### **Non-compliance with Sales Agreement Program**

When property is sold at auction, a covenant included in the deed often requires the purchaser to bring the property up to code or to complete renovations. Under the non-compliance program, the Real Estate Division sends out letters to property owners who have not provided the City with the required compliance documentation (usually a Certificate of Occupancy).

### **Tax Lien Management Program**

The City manages properties with tax liens against them as a way of recouping owed taxes or payments on other municipal liens. This is allowed under New Jersey law as an interim remedy for cities short of foreclosing on a property (which is a costly and drastic measure). Rather than managing the property themselves, the Division of Real Estate outsources this function to a private property manager who takes 15% of the rent plus expenses as payment. Any subsequent net income reduces the amount of tax lien owed by the private party. This process results in the City's recouping \$10,000 to \$20,000 a month in otherwise unpaid taxes and liens.

### **Payment of lease costs on City leased property**

The Real Estate Division also makes lease payments to private owners on properties that the City occupies for public purposes. Currently there are seven such properties. The Real Estate Division serves only as a check writing function and relies on the agency occupying the premises to ensure proper service delivery from the Landlord.

## **Findings**

### **Property Management**

Jersey City has an inventory of 46 municipal buildings. The Jersey City Fire Department and Police occupy 19 and five buildings respectively. In addition to buildings, parks and other lands Jersey City owns, it also leases property for the Department of Health and Human Services, the Police Department and HEDC. Finally, the City also currently owns 648 non-public use properties acquired through foreclosure as discussed previously.

There is no coordinated management of these properties in Jersey City. This function is either scattered around the government or simply not performed. This lack of a systematic

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<sup>89</sup> Neither DPW nor the Real Estate Division breaks out the cost of maintenance for these properties. This makes it difficult to assess the best business options with regard to the properties. For example, if maintenance costs for a given property are high, it might make more sense to devote resources to ensure that the property is sold quickly, thus alleviating the City of the financial burden of maintenance. Or, if DPW is in fact not really doing much to maintain a given property, an analysis based on such information could keep the City from letting valuable assets deteriorate or facilitating the existence of blight.

approach to Jersey City's most valuable asset may help explain the poor conditions found in some City buildings.

In cities using best practices, there is a fully functional property management system modeled after the private sector. The private sector and most high performing public entities have had coordinated property management system for years. Such systems are responsible for portfolio management (including space allocation planning), facility maintenance, facility repairs, security, energy management and capital improvements. Within the private sector, the property management function is increasingly focused on developing core competencies in strategic portfolio management. Traditional portfolio management is being combined with strategic and business planning, financial management and contract oversight.

### **Portfolio Management**

Currently portfolio management and space allocation planning is not conducted on a systematic basis in Jersey City. While the Real Estate Division does a respectable job managing City owned real estate that is being prepared for sale, there is no portfolio management for City owned property that is retained by the City to use for public purposes.

Space needs and usages are examined only when an agency's lease is expiring or if more space is requested. In those situations, the City Administrator discusses the agency request with the City's architect. This is not a sufficient system. During our work with Jersey City, we encountered numerous situations in which a department had either substantial excess space, had no plan for future space needs, or was very short on space with little promise of help from the administration. For example, part of the Division of Cultural Affairs is housed in a 12 x 60-foot trailer adjacent to a Department facility. It has no restroom or running water. In contrast, there is underutilized space in both NID and HEDC offices.

### **Maintenance and Repairs**

Maintenance and repairs for City owned property is run by DPW (except for Fire Department and Library buildings). While it appears that DPW does respond well to specific requests for maintenance, they do not have a coordinated or systematic approach to property management. This function is separate from space planning or utility issues, which is problematic because it does not tie the costs of maintenance and repairs into a decision making process that concentrates on space planning and business planning. For example, when deciding whether to expand an operation within a specific facility or go elsewhere, the maintenance and repair status of the facility should be an integral part of the decision making process.

### **Security**

The Central Services and Purchasing Division of the City Administrator's Office perform the security functions. This function is not connected to the rest of the property management functions within the City. This is also problematic because it makes it more difficult to look at Jersey City's property portfolio in a holistic way or encourage administrators to realize that the decisions they make in one area impact many other areas.

### **Capital Improvements**

Capital improvements appear to be done on a crisis response basis. There is no functioning schedule for replacement of roofs, boilers, windows, or other systems within facilities. The City argues that situation results from bonding limitations imposed by the State. While that might be a factor making the capital improvement system difficult, it does not explain the lack of future planning. The shortsightedness of this lack of planning is apparent when the

costs (both financial and in terms of employee productivity and citizen pride) of allowing facilities to deteriorate are taken into account.

### Utilities

The utilities for City owned buildings are managed by the Division of Purchasing and Central Services (PCS). Unfortunately, PCS does not sufficiently manage this function. PCS checks addresses and pays utility bills. There is no monitoring of energy usage or proactive work to reduce energy costs.<sup>90</sup>

### Management of Surplus Land

While it appears that the Real Estate Division does a decent job of managing the property acquired by the City and then selling it, the surplus land management system does not generate the revenues for the City that it should. First, the City withholds from sale an inordinately large number of properties. There are 400 properties on the City's current inventory of 648 properties that have been withheld from sale. This does not include the over 200 properties that JCRA has acquired either by purchase or transfer from the City for planned developments. The overall assessed value of the City owned property held from sale is over \$63 million dollars.<sup>91</sup>

Property Under Division of Real Estate's Control						
Status	Vacant Building		Occupied Building		Vacant Land	
	Number	\$ Value	Number	\$ Value	Number	\$ Value
For Sale	16	\$1,575,100	4	\$496,500	228	\$14,563,950
Held from Sale	30	\$8,697,700	7	\$2,225,700	363	\$52,663,200
<b>Totals</b>	<b>46</b>	<b>\$10,272,800</b>	<b>11</b>	<b>\$2,722,200</b>	<b>591</b>	<b>\$67,227,150</b>

Jersey City cannot afford to hold such a substantial inventory of property for a number of reasons. The City:

- needs the cash from the sale more of these properties;
- needs to get these properties back on the tax rolls;
- does not have the resources to properly maintain these properties; and
- vacant, and poorly maintained properties attract crime, increase blight, and lower property values in communities across the City.

Despite the City's need to sell as many of these properties as quickly as possible for the reasons described previously, there does not seem to be accountability within the government for decisions made to withhold properties from sale. According to the Manager of the Real Estate Division, for example, HEDC reviews the inventory of properties available for auction on a periodic basis and checks off the ones that are to be withheld from sale based primarily on location of the property. There is no formal process or criteria outlined for this decision, and the Real Estate Division does not have a systematic method of tracking how long a property has been withheld from sale. It is entirely possible, and even probable, that there are many properties that were originally withheld from sale for various reasons, but where circumstances have changed and the initial reasons to hold property from sale no longer exist. Without more checks on the system, it is very likely that large numbers of properties will be kept for little reason.

<sup>90</sup> Interview with Steve Miller on February 8, 2001

<sup>91</sup> Information from Real Estate Division inventory of City owned property, dated January 23, 2001.

### **Detailed Recommendations**

- RE1 - Create an Office of Property Management
- RE2 - Reduce Surplus Properties Withheld from Sale

## RE1 - Create an Office of Property Management

### Description

Jersey City currently operates 46 City-owned facilities including 20 occupied by the Fire Department and five by the Police Department. Jersey City leases office space and parking lots for HEDC, DHHS, and the Police Department. In addition to these facilities occupied by public agencies, Jersey City also owns and maintains numerous parks and public lands and 648 properties that the City has acquired over time from foreclosures.<sup>92</sup>

Despite this substantial real estate portfolio, Jersey City does not have a centralized, coordinated property management operation. Functions typically organized within a central property management office such as portfolio management, facilities maintenance and repair, capital construction management, and security and energy management are instead dispersed across the Jersey City government. A number of different agencies currently have responsibility for aspects of property management, creating a fragmented and confusing system. In addition, important functions such as capital construction management, portfolio management, and energy management, all of which are nominally the responsibility of one division, are not done in a meaningful way in Jersey City.

### Recommended Changes

#### Create an Office of Property Management

Jersey City should consolidate its real estate related operations into an Office of Property Management (OPM), which will be housed in the City Administrator's Office. OPM should incorporate the Divisions as described below.

#### Portfolio Management

Portfolio Management should have jurisdiction over the current Real Estate Division and the City Architect. Its main functions should be:

- Overall Policy-making
- Strategic Planning
- Financial Management
- Lease Management
- Acquisition and Disposition of Property
- Space Planning

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<sup>92</sup> These figures do not include property owned by Municipal Authorities, including JCPA, JCIA, MUA, and JCRA. However, JCRA alone owns 171 properties they are reserving for development projects.

### **Facility Maintenance and Repair**

Facility Maintenance is currently handled by DPW. Whether this function remains DPW's responsibility, comes under OPM's jurisdiction, or is outsourced entirely, it will be essential for the facility maintenance and repair function to work closely with OPM leadership. The main functions of Facilities and Maintenance (or the tasks outsourced to a private company) should be:

- Maintenance of Buildings and Grounds
- Regular repairs to buildings, grounds, and equipment
- Janitorial Services

### **Capital Construction Management**

The Capital Management Division will oversee the development, updating and implementation of a Jersey City Facility Asset Management Plan. The City Architect should report to this Division, and its functions should include the following:

- Do a full-scale assessment of the current conditions and future needs of the Jersey City's physical plant. A need assessment is a prime piece of data in making decisions about space allocation.
- Working from that assessment, develop a prioritized work plan to bring Jersey City municipal buildings to a desirable condition.
- Oversee the Request for Proposal (RFP) process and contractors working on capital improvements.

### **Security**

OPM will inherit the security operation (after implementation of recommendation of PUR3 – Outsource Security Services) from Purchasing and Central Services (PCS).

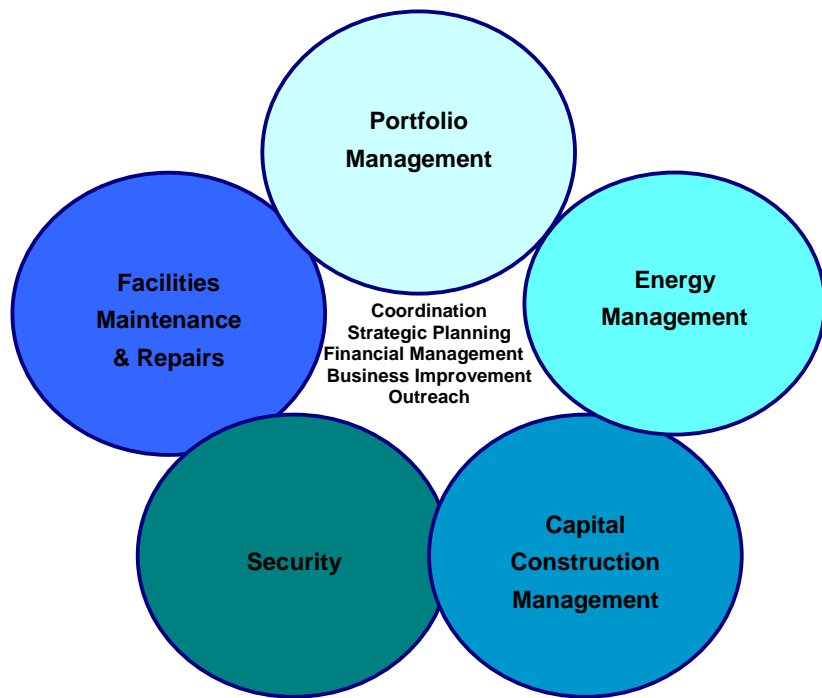
### **Energy Management**

OPM will inherit the energy management operation (to the extent that it exists) from Purchasing and Central Services (PCS).

Organizing the property management function in this way will allow Jersey City to take two steps toward a modern property management system. Under this operating model, all non-core functions that can be provided by the private sector at comparable or cheaper costs will be outsourced to vendors. This allows the management of OPM to focus on strategic and business planning (including capital planning), financial management and contract oversight.

As the diagram on the following page shows, OPM's leadership should be centered on:

- The coordination of OPM's main service offerings (energy, portfolio management, capital construction, security and facility maintenance)
- Strategic planning
- Financial Management
- Business Improvement
- Outreach



## Rationale

The Real Estate industry has evolved considerably in the last twenty years in its approach to property management. The industry moved from viewing property management as something an employee in each department thinks about when new space is needed to viewing it as a centralized set of services (with the emphasis on cost containment). Now, the private sector has evolved further to view real estate as a prime business asset that needs to be managed with the same focus on strategic vision as would any other major component of a business.

The government sector, too, has been following this trend. However, Jersey City is still approaching property as a function that is not given much consideration. Implementing the recommendations outlined in this report will help Jersey City switch its focus from mere internal service delivery to a model that will allow the City to strategically manage its real estate portfolio.

The recommended model will also, for the first time, allow managers to allocate costs according to program or agency and benchmark against the best industry practices. This can occur because all real estate-related activity will be managed from one place, and using one set of data. For example, under the new model, agencies' budgets would be charged the costs of the real property they utilize (in the form of rent) which would include costs of maintenance, security, capital reserves, and space costs.<sup>93</sup> These charge-backs will create budgetary incentives for agencies to monitor and control costs, thereby reducing City costs across the board.

<sup>93</sup> This system of charge-backs for internal real estate services is accepted practice within the private sector and many government agencies, including the US Federal Government.

This model will also encourage Jersey City to plan capital improvements more effectively. Some buildings in Jersey City are in poor condition due in part to the lack of a coordinated property management plan. Jersey City will be better prepared when seeking State approval for bonds for capital improvements if those requests are part of a thoughtful and systematic plan. The City could also benefit from a full assessment of all physical assets in preparation for the eventual creation of a plan to move toward compliance with GASB 34 standards. Finally, having accurate cost information on how much it takes to operate in certain facilities gives the decision-makers the information needed to make strategic choices relating to real estate issues.

### **Cost Savings**

Projecting actual savings from the creation of an integrated property management function is difficult because Jersey City has no accurate cost figures for current real estate-related activities across the City government. Once Jersey City is successful in allocating accurately the costs being incurred now, it will be easy to compare these costs to industry standards and establish a savings goal.

## RE2 - Reduce Surplus Properties Withheld From Sale

### Description

Jersey City, through the Real Estate Division of the City Administrator's Office, sells surplus land that it acquires through foreclosure. These sales generate \$2 to \$3 million dollars a year in revenue for the City.<sup>94</sup> The City identifies the surplus land that they will sell in the following manner. After the City receives a bundle of properties from foreclosure, the Real Estate Division prepares a list of properties that they want to sell.<sup>95</sup> Before any sale can occur, they send that list to the Department of Housing Economic Development and Commerce (HEDC) and the Jersey City Redevelopment Agency (JCRA) for their review. HEDC and JCRA, the City's economic development agencies, note which properties are located within a redevelopment plan area and request that they not be sold.<sup>96</sup> The only analysis done on specific properties is whether or not they are in the redevelopment plan area and not whether this property is likely to be actually redeveloped.

Once HEDC or JCRA have identified the properties to be withheld, the Real Estate Division proceeds to sell the remaining properties. This is done via public auction once or twice a year. With each batch of new properties, the list of properties withheld from sale gradually grows. The only time that Jersey City government revisits that list of withheld properties is when someone outside the government specifically requests to buy a property from the list.<sup>97</sup>

As a result of this process, Jersey City currently has 648 parcels of property in its surplus land inventory. Of these, 400 properties have been held back from sale at some point.<sup>98</sup> Jersey City does not track how long ago any of the properties were put on the "hold from sale" list, so it is difficult to tell the length of time the City has owned many of these properties. The assessed value of the vacant properties withheld from sale is \$52,663,200. Yet, the total assessed value figure stated here may be low because the most recent assessment date for many of these properties could be as old as 1988. This amount does not include the 37 buildings controlled by the City with an assessed value of \$10,923,400 or the 171 properties that JCRA currently has in their inventory.<sup>99</sup> JCRA's inventory has an estimated value of \$42 million dollars.<sup>100</sup>

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<sup>94</sup> Meeting with Ann Marie Miller, Real Estate Manager

<sup>95</sup> This list includes newly acquired properties, and any other properties that have not been withheld from sale or sold in previous auctions.

<sup>96</sup> There are currently 58 different redevelopment zones in Jersey City, which include almost one-third of the land in the City. (Jersey City's Master Plan)

<sup>97</sup> Phone discussion with Anne Marie Uebbing on Feb. 8, 2001. In the last few weeks, Jersey City has begun to look into this withheld property inventory issue. Meeting with Laurie Cotter, February 13, 2001

<sup>98</sup> Of these 400, only about 30 have notations indicating that they might be either parkland, or be leased to Jersey City institutions.

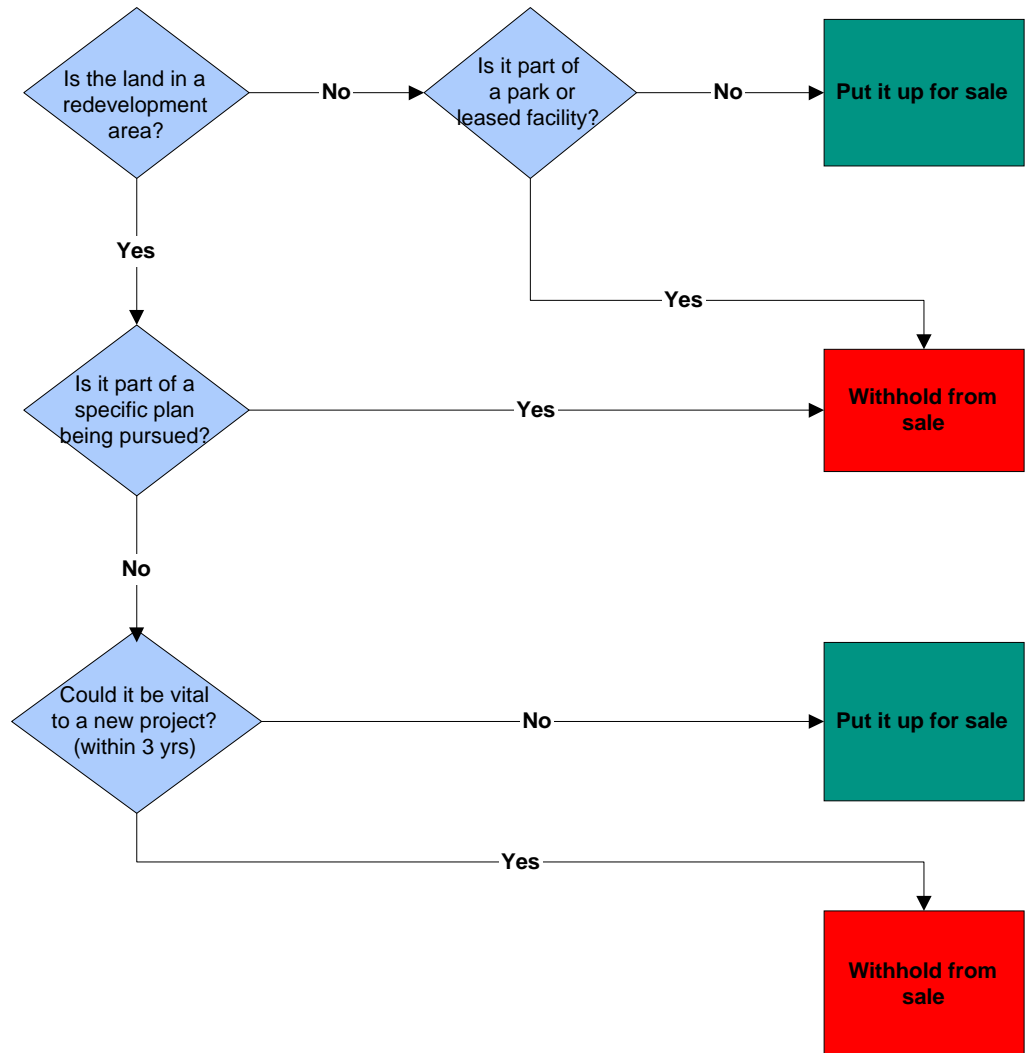
<sup>99</sup> See Jersey City Property Spreadsheets (found in the appendix) based on the January 23, 2001 Jersey City Inventory.

<sup>100</sup> JCRA Property Inventory provided by JCRA to Andersen, February 7, 2001.

## Recommended Changes

**Develop a better procedure to determine whether a property should be withheld from sale.** The current procedure results in many properties being withheld from sale indefinitely because they fall in one of the City's many redevelopment areas. Jersey City needs to develop a procedure to ensure that only properties with a realistic chance of development within a realistic timeframe should be withheld from sale.

We recommend following the process outlined below for each property<sup>101</sup>.



For example, using this process, the City might determine that a single family home located in the middle of an established residential block is highly unlikely to be developed even if it is in a redevelopment district. It is not in the City's best interest to keep this property in its inventory.

<sup>101</sup> This analysis will be made much simpler once Jersey City has a fully functioning GIS system. See recommendation HEDC7 – Implement Geographical Information System (GIS) City-wide.

**We also recommend that the City conduct a yearly analysis of the withheld inventory to find additional properties to sell.** Using the analysis described previously, Jersey City should conduct a detailed review of all properties on the City-owned inventory to see which ones can be sold. In addition to conducting this analysis on all new properties added to the City's portfolio, this analysis should also be conducted on an annual basis for all properties withheld in the past to determine if there is any continuing reason to keep properties on the "held from sale" list.

### **Rationale**

Jersey City simply cannot afford to hold a \$53 million dollar inventory of surplus land. Fiscally, the costs of the current policy to Jersey City are steep. By not closely examining each property to see if it really needs to be withheld from sale, Jersey City may be losing millions of dollars of revenue every year. This does not include the costs to Jersey City of continuing to maintain property that it does not need or the potential liability it faces from damage or injury that might occur on these properties. This large inventory of City-owned land also keeps these properties off the tax roll, further contributing to Jersey City's difficult financial situation.

The current process is also problematic from an economic development standpoint. Contrary to the intent of HEDC and JCRA in withholding these properties, the existence of vacant properties in an area struggling to redevelop can make redevelopment much more difficult. While the Real Estate Division minimally maintains its property (primarily on buildings, and not vacant lots), JCRA may only maintain its property when cited by Jersey City authorities.<sup>102</sup>

### **Fiscal Impact**

It is impossible to assess the amount of revenue to be generated by the sale of these properties until a more detailed analysis has been conducted. However, the table on the next page shows how substantial revenues could be achieved if a small percentages of the land being sold. We believe that these estimates are conservative given the competitive real estate market in the Jersey City area.

The additional revenue generated by a sale will also include increased tax payments. If, for example, there were an initial sale in the first year of \$5.2 million in property that is returning to the tax rolls, that should generate an annual increase in revenue of \$106,590.<sup>103</sup>

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<sup>102</sup> Meeting with Director of JCRA, December 8, 2000

<sup>103</sup> This \$106,590 total equals the overall sale value of \$5,266,320 times the mileage rate returned to the City of .02024 on every dollar of value.

Potential Revenue Increase from Sale of Property				
Revenue	Current	If 2% of Value is Sold	If 5% of Value is Sold	If 10% of Value is Sold
One time revenue achieved by a systemic review of all “held from sale properties”	\$0	\$1,053,264	\$2,633,160	\$5,266,320
Yearly revenue from sale of properties using stricter scrutiny for withholding properties from sale.	\$2,000,000	\$2,140,000	\$2,100,000	\$2,200,000
Annual Property Tax revenue from the properties currently on the “held from sale” list	\$0	\$21,318	\$53,295	\$106,590
Annual Property Tax revenue from annual sales of property	\$40,480 <sup>104</sup>	\$41,290	\$42,504	\$44,528 <sup>105</sup>
<b>TOTAL REVENUE</b>	<b>\$2,040,480</b>	<b>\$3,255,872</b>	<b>\$4,828,959</b>	<b>\$7,617,438</b>
<b>TOTAL REVENUE INCREASE</b>		<b>\$1,215,392</b>	<b>\$2,788,479</b>	<b>\$5,576,958<sup>106</sup></b>

<sup>104</sup> Equals the amount of current sales (\$2,000,000) times the City’s share of the annual tax rate on every dollar of value (.02024).

<sup>105</sup> Equals the amount of projected sales (\$2,200,000) times the City’s share of the annual tax rate on every dollar of value (.02024).

<sup>106</sup> Of the total increased revenue of \$5,576,958, \$310,638 of this will be recurring annually and \$5,266,320 will be a one-time revenue gain.

## Tax Abatements

### Description

Jersey City has experienced dramatic development over the last twenty years due to a confluence of factors. The City has worked for many years to compile and prepare large tracts of land for development. Investments by the State and others have resulted in a vast transportation network connecting previously under-served parts of Jersey City with the surrounding community. These efforts have been supplemented by the City's use of tax abatements as the primary tool used to spur economic development. As a result, the downtown area near the waterfront has experienced an incredible explosion of new office and commercial development after decades of disrepair.

However, despite this transformation, use of tax abatements remains highly controversial. Authority for granting abatements comes from New Jersey State law, which allows municipalities to grant two types of tax abatements. Under the State of New Jersey's Long-Term Tax Exemption statute, municipalities may enter into agreements with developers that stipulate that a Payment in Lieu of Taxes (PILOT) of a predetermined amount may be paid instead of taxes at normal rates. These abatement agreements must require payments equal to either 2% of project cost or 15% of revenue once a project is completed.

As the table below shows, Jersey City has entered into numerous abatement agreements over time with a sharp increase in just the last few years.

Tax Abated Projects By Type <sup>107</sup>						
		Housing		Other		
Year	Number	Subsidized	Market Rate	Hotel	Industrial	Commercial
1960-69	7	6	0	0	1	0
1970-79	30	17	1	0	12	0
1980-89	42	12	4	0	11	15
1990-99	45	18	9	3	1	14
2000	19	0	10	0	1	8
TOTAL	143	53	24	3	26	37

Not only have the number of abated projects risen substantially over time but the value of the projects abated from decade to decade has also climbed exponentially. As the table on the following page shows, the revenue Jersey City has received through PILOTs has increased significantly in recent years. Although City officials expect this trend to continue, there is some concern that newer tax abatement agreements are front-loaded and the amount of PILOTs will decrease significantly in the years beyond 2001 (a period for which projections were unavailable).

<sup>107</sup> Data provided by the Jersey City Office of the Tax Collector

PILOT Revenue		
Year	Amount <sup>108</sup>	Increase <sup>109</sup>
1998	\$26,450,753	--
1999	\$28,097,501	6.2%
2000	\$31,193,976	11%
2001	\$48,258,407 <sup>110</sup>	54.7%

Recently, nearby towns and neighborhood groups have complained to Jersey City (and some have filed lawsuits) over particular tax abatement projects. These complaints are usually centered on claims that the project violated zoning or other ordinances, that the tax abatement granting process was not public, or that payments collected by the City in addition to the PILOT were illegal under State Tax Abatement statutes. However, the undercurrent of concern about the abatement process is that the County and the School District both lose revenues when Jersey City grants abatements, but neither have any legal role in the decision.

The City maintains that tax abatements are needed for the following reasons:

- Jersey City has a high tax rate compared to surrounding areas; and
- PILOTs provide predictability in tax costs for developments; prior to the granting of abatements developers faced fluctuating tax bills and this kept development from occurring.

In addition, the City points out that they have worked hard over the past decade to negotiate what they see as the best possible tax abatement deals. In fact, the amount of taxes per square foot the City receives through PILOTs has increased over time, the term of each tax abatement granted has decreased in length, and statutory bump-ups in PILOTs have increasingly started earlier in the life of the payment schedules.

### **The Abatement Approval Process**

Jersey City's process for considering and granting tax abatements is marked by ongoing, private discussions with developers throughout the process and a call for public comment only towards the end of the process. In most cases, a developer approaches either the Director of HEDC or the Mayor's Chief of Staff, then states a desire to embark on a given project and articulates the need for a tax abatement to make the project profitable. HEDC and the Mayor's Office work together with the developer and his or her attorney to prepare a draft Tax Abatement Application. In many recent cases, a developer working on one project that has already received a tax abatement subsequently presents plans for a new project and assumes that a tax abatement will be part of the deal for the new project as it was for the previous project. It is also common for the same attorney(s) to work on tax abatement applications and agreements for more than one developer.

Once a tax abatement application has been drafted, key City staff members gather as part of an informal, non-public Tax Abatement Committee. This Committee meets as needed and usually includes the following people:

- Director of HEDC
- Chief of Staff to the Mayor
- staff from the City's Corporation Counsel's Office
- Business Administrator

<sup>108</sup> Revenue amounts listed are realized revenue (except where noted) as listed in Jersey City yearly budgets.

<sup>109</sup> Based on previous year.

<sup>110</sup> Anticipated revenue.

- at least one City Council Member
- a representative from the Office of the Tax Collector
- a representative from the City's Economic Development Division

This Committee then reviews the draft application, which includes a project description, information on the type and length of abatement requested, as well as estimates of total project cost, jobs generated, and the value of PILOTs and service or other charges. The members utilize a draft Fiscal Impact Analysis (for commercial projects) or Fiscal Impact Cost Projection (for non-commercial projects) prepared by the Office of the Tax Collector as an analysis tool. This analysis and discussion process often results in changes to figures calculated throughout the documents and/or the length of the tax abatement or value of the PILOTs. When negotiation with the developer is required, either HEDC or the Mayor's Office usually handles this task.

Eventually, a tax abatement application and agreement as well as fiscal analysis and supporting documentation outlining benefits for the City are prepared and submitted to the Mayor and City Council. In only a few cases has the Tax Abatement Committee refused to support the proposed abatement. The application package (complete with draft ordinance) then undergoes a first reading before the City Council at an open meeting, followed by a second and final hearing (usually less than one month after the first hearing). Often, the ordinance is approved at the second hearing, allowing the agreement and applicable legal documentation to be signed and the tax abatement to become law.

### **The Context for Abatements – Jersey City's Unprecedented Growth**

Jersey City has moved from a low or medium growth City with a declining population to one that is experiencing tremendous growth. During the last five years the City has seen its landscape along the waterfront change dramatically, with major construction making it almost unrecognizable from only a few years ago. Just in the last few years, Jersey City has taken on new high-profile tenants such as Chase Manhattan, Goldman Sachs, Cigna Health Care, PaineWebber, Charles Schwab and other major companies. There are also several major hotels going up on the waterfront, including the Hyatt and the Marriott. All of these properties are complete or have begun construction during the last three years.

To put this development in larger perspective, consider the number of abatements granted in various time periods as outlined in the table previous. During each of the last two ten-year periods, the City offered about the same number of abatements - 42 in the eighties and 45 in the nineties. However, in just the year 2000 alone the City approved almost half as many as the previous two decades. As City officials point out, Jersey City now has as many square feet of office space under construction as all of Manhattan, and new transportation investments have added tremendous value to the region.

## **Findings**

### **1. Jersey City May Not Need to Offer Tax Abatements For Four Reasons**

While the City maintains that tax abatements are the deciding factor when businesses choose to locate to Jersey City, it is possible that other reasons have contributed to the recent interest in the Jersey City waterfront. The City should consider these factors as it continues to evaluate tax abatement applications.

### *Jersey City Has Many Other Financial Incentives*

In addition to the tax abatement program, developers and businesses are eligible for a variety of other financial incentives. Some of the most significant ones are:

- Urban Enterprise Zones
- Business Employment Incentive program
- Business Relocation Assistance Grant
- No Personal Property Tax
- No City Income Tax

The Urban Enterprise Zone, which includes the waterfront, offers a variety of incentives to developers and businesses, including a 50% reduction in State sales taxes. The Business Employment Incentive Program (BEIP) is an important incentive that provides businesses up to 80% payroll tax reduction for any new local hires. The Business Relocation Assistance grant provides financial support to businesses that move to Jersey City. In addition to these incentives, Jersey City has no City income tax or personal property tax. These last two incentives alone are significant financial incentives in a company's decision to locate or expand its business in a particular location.

### *Location and High New York City Rents Strongly Favor Jersey City*

Above all of these incentives just mentioned, however, is the most important feature that Jersey City has to offer companies - its proximity to New York City. Most of the organizations that have decided to move to Jersey City have been in the Finance, Insurance, and Real Estate (FIRE) sectors, and these are moving to Jersey City (and not somewhere else where similar incentives can be found) because the City is so close to New York City. These companies are now moving out of New York City because they are being priced out of the market due to high rents and other costs. Jersey City, just a few minutes away by the Path train, offers rents that are 30%-60% lower than rents in midtown or downtown Manhattan. By moving to Jersey City, these companies are able to maintain proximity to an important financial center and pay dramatically lower rents. In many studies of how companies make moving decisions, company executives identify location (geography or proximity to resources) as their top concern. The second or third influence on moving decisions is usually the cost of doing business. Because of this, we believe that location and significantly lower rents serve as the main drivers for recent development along the Jersey City waterfront.

### *Timing*

The issue of high cost as discussed above also brings up the issue of timing. Abatement and PILOT incentives in Jersey City have been available for many years. Only recently, however, have developers begun to fully utilize these incentives. Now that increasing rents elsewhere have boosted real estate costs, many tenants have decided to search for alternative space. Therefore it is likely that, since these and other incentives have been available for a number of years, the current decisions to relocate were not based solely on the PILOT incentive.

### *Critical Mass of Development Negates Need for Abatements*

As previously mentioned, Jersey City is in a very different economic state than it was ten years ago. Skyrocketing rents in New York City have brought major tenants just across the river where downtown Manhattan is in view and a short train ride away. Even though it is difficult to determine precisely why one place is preferred over another, now that Jersey City has been selected as a place of interest by developers, the City can take full advantage of the situation and protect its budget by demanding conventional tax payments. Once a few

important tenants chose the location, others may be convinced to follow suit. Now that many developers and powerful tenants have demonstrated interest, future development may not require financial incentives, regardless of whether or not those incentives made the difference in past location decisions.

For the above reasons, we believe that tax abatements may not be the only deciding factor in the location decisions. Now that Jersey City has established a 'critical mass,' further incentives may not be needed to attract development.

## **2. County and School Districts Are Not Sharing in Gains**

Tax abatements shift service provision costs away from the City and decrease revenue shared with the County and School Board. Tax dollars collected under the normal system of taxation that would otherwise have been split between the City, the County and the School system instead stay solely in Jersey City in the form of PILOTs. Our review of fourteen financial agreements approved during the past three years showed that the County and School District would have collected approximately \$26 million for these developments had the tax abatements not been offered.<sup>111</sup> The City collected \$22 million in PILOT payments for these developments, which is equal approximately to the amount the City would have received under conventional taxes. This brings the total amount that would have been collected under conventional taxes for these development to about \$48 million.<sup>112</sup>

Therefore, it appears that Hudson County and the School Board are paying the lion's share of the cost of these abatements, leaving Jersey City little incentive to curb their use.

## **3. Return on Investment Is Not Considered**

The Abatement Committee does not routinely request detailed financial data to support developers' claims of project cost and Return on Investment (ROI) estimates. Instead, the City relies on developer-produced and not very detailed financial reports. This lack of rigorous analysis may lead Jersey City to grant abatements that are not required for a given project to move forward. When negotiations do occur, discussion seems to center around "tax per square foot" rather than whether the project needs a tax abatement at a given level in order to meet the developers' internal rate of return required of a good investment. The City should consider using the developers' ROI information to understand from a financial standpoint whether, or how much of, a tax abatement is needed. Because the City does not always have this information, the City is at a significant disadvantage during negotiations. When a developer considers a project, he or she has decided to pursue the project based on an expected return for the investment, but this information is not found in the application or financial agreement. In addition to the expected rate of return on a project, the City should also ensure that they are provided with the assumptions behind the ROI. With this information the City can determine whether the assumptions used to develop the ROI are reasonable and if the ROI itself is accurate.

## **4. Tax Appeals May Be Problematic**

Jersey City does not require that an assessment be done on the property while the initial PILOT period is in progress. The PILOT period is usually the first six years of the 15 or 20 year tax abatement agreement. Jersey City has in the past had some trouble with assessment appeals, where owners of the properties complained that their property was valued too highly. The City lost many of these appeals and had to refund considerable

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<sup>111</sup> We reviewed documentation for the following 14 tax abated projects: Newport Office Complex 3 through 7, Cali Harbor 5 and 7, 74 Grand Street, Macy's and 30, 50, 70, 77, and 90 Hudson Street.

<sup>112</sup> The "but for" figures under conventional tax rates were arrived at using estimated revenues at \$28 per square foot, and a capitalization of 14 percent. The amount calculated under conventional taxes assumes the development would have taken place without the abatement.)

amounts of money to developers. Because an unprecedented number of abatements are now being given under this program, the City needs to be especially careful that once the PILOT period is over, the City is not burdened with new appeals. The City should document and communicate as early as possible what the assessments are expected to be because until the PILOT period is over, developers have no incentive to appeal their assessments. Once the contract approaches the end and full conventional taxes are due, then developers may consider appeals.

### **Detailed Recommendations**

- AB1 - Use Accurate Municipal Cost Figures in Fiscal Impact Analysis of Non-Residential Tax Abatement Applications
- AB2 - Use Marginal Costing Instead of Average Costing When Determining Fiscal Impact on Large Projects

## **AB1 - Use Accurate Municipal Cost Figures in Fiscal Impact Analysis of Non-Residential Tax Abatement Applications**

### **Description**

A key component of the Jersey City review process for all commercial (non-residential) tax abatement applications is the cost/benefit-based Fiscal Impact Analysis (FIA). The FIA is essentially a few sheets of paper containing detailed figures on the costs and benefits to the City associated with any tax abatement application for a commercial project. It is developed by the Office of the Tax Collector and is used by the informal, non-public Abatement Committee and the Mayor and City Council when decisions about supporting a tax abatement application or passing a related City ordinance are made.

In Jersey City, “benefits” (for purposes of the Fiscal Impact Analysis) are essentially the Payment In Lieu of Taxes (PILOT) a developer promises to pay under a tax abatement agreement in the first year after the project is complete. This PILOT is based either on 2% of the developer-estimated project cost or 15% of the developer-reported revenue that comes in after a facility is built.<sup>113</sup> Other fiscal benefits of a given project, such as tax revenues generated by indirect and induced economic activity, are not included in the FIA. Instead, these benefits are listed in a memo from the Director of HEDC to the Mayor and City Council and are reviewed with the FIA when a tax abatement application comes up for review.

A three part, multi-step mathematical formula is used to determine the “costs” (for the purposes of the FIA). Costs in this instance are essentially how much Jersey City can expect to pay to provide services to the new development. The formula includes the steps discussed below for determining new municipal costs allocated to the new facility.

First, the FIA lists a dollar value called “municipal levy” which, despite its name, is not related to any value of tax revenue collected by the City. According to City officials, it is instead based on Police and Fire salaries.<sup>114</sup> Why full budgets for the Police and Fire Departments (or other agencies that might provide services to the new development) are not included in this amount is not clear, and this number has been described to us by City personnel as “arbitrary.”<sup>115</sup> These issues notwithstanding, the “municipal levy” forms the foundation of the FIA.

In the first step in the FIA process, the “municipal levy” is multiplied by a percentage that represents the proportion of total real property value in Jersey City that is attributable to non-residential property. This allows the FIA to determine the amount of the municipal levy ‘paid for’ by non-residential property similar to the project under consideration for a tax abatement. The resulting dollar figure is further refined by multiplying it by the ratio of the average value of non-residential parcels in Jersey City to the average value of all parcels. This step in the process allows the FIA to account for the typically higher value of non-

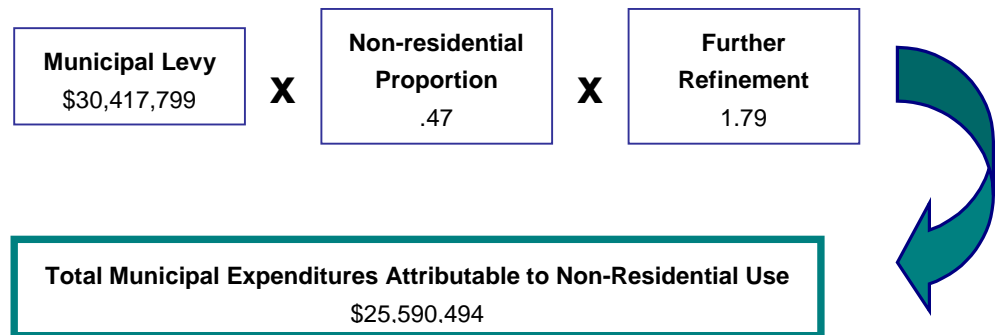
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<sup>113</sup> Per State law.

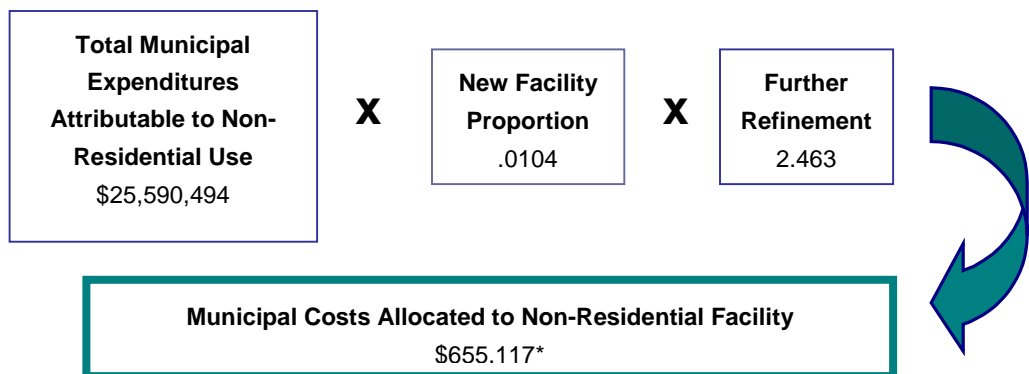
<sup>114</sup> Most of the FIAs we reviewed listed this number at about \$30 million. The FIA for Cal-Harbor Plaza V, however, utilized a \$10,417,799 value that we were told was used at the direction of the City Council.

<sup>115</sup> Conversation with Office of Tax Collection, February 15, 2001

residential parcels compared to all parcels. Now the City has an estimate of what is labeled the “Total Municipal Expenditures Attributable to Non Residential Use.” See the graphic below for a visual representation of this portion of the process with numerical examples (based on actual figures for the 90 Hudson Street tax abatement).



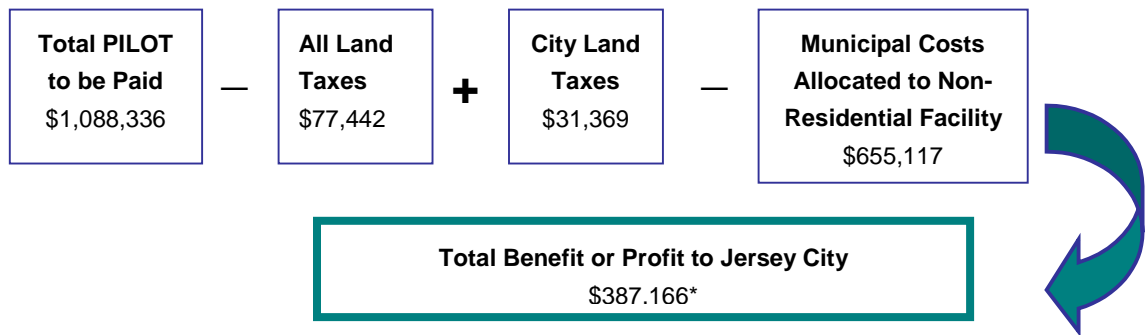
Next, this figure is multiplied by a percentage representing the proportion of the new facility's value to total local non-residential real property value. This allows the FIA to determine the amount of the total municipal expenditures attributable to non-residential use that can be ascribed to the new project under consideration. Finally, this new figure is weighted by the degree to which the development under consideration for a tax abatement is different from the average non-residential facility. The result of this four-step calculation is a value labeled “Municipal Costs Allocated to Non-Residential Facility.” See the graphic below for a visual representation of this process, with a continuation of the numerical examples from the previous graphic.



\*This number should read \$655,505. Calculations on the 90 Hudson Street FIA are incorrect.

This Municipal Cost number provides the cost side of the ensuing cost/benefit analysis. To arrive at the net benefit (benefit less cost) of the development to the City, the total anticipated PILOT<sup>116</sup> is reduced by the total land taxes that were already being paid, resulting in a “Total Net PILOT” figure. The municipal portion of land taxes are added back in because the City will in fact collect on those taxes as part of the PILOT, and the result is the “Adjusted Net PILOT.” This number is then subtracted from the previously calculated “Municipal Costs Allocated to Non-Residential Facility” resulting in a “Total Adjusted Net PILOT” amount that represents the City's estimate of profit or net benefit to the City – after provision of services – from the granting of a tax abatement. See the graphic on the following page for a visual representation of this final part of the process, with a continuation of the numerical examples from the previous graphics.

<sup>116</sup> The amount of the total anticipated PILOT is provided to the Office of the Tax Collector by HEDC once the tax abatement agreement has been negotiated.



## Recommended Changes

Jersey City should replace the “municipal levy” figure used in the FIA with a more realistic figure that reflects the true cost of City services.

## Rationale

Using the low \$30 million municipal levy figure as the foundation for determining the municipal cost allocated to the new facility is erroneous for two reasons. First, the \$30 million value itself does not reflect the true cost of service provision in Jersey City. In 1999, Jersey City collected \$228 million in tax revenue (of which \$107.9 million stayed in City coffers).<sup>117</sup> The bulk of Jersey City’s portion of this revenue - plus revenue from other sources such as State aid and other grants - was likely used by the City to provide services of some kind. In fact, in the last year alone, the Police, Fire and Public Works budgets – departments that would likely provide services to new development - totaled over \$124 million. Second, any estimate of municipal cost allocated to the new facility that is derived from the low “municipal levy” figure is inherently incorrect. Utilizing just the \$124 million figure for Police, Fire and Public Works in the above FIA formula and the numerical examples utilized in the graphics above leads to a municipal cost of services for the project of over \$2.6 million. This is well above the first year PILOT payment of \$1.08 million.

Jersey City should be using a more correct estimate of the cost to provide City services. In order to operate in a fiscally responsible manner, Jersey City needs to make sure that it collects enough revenue to provide essential services. Using imprecise estimates of the costs and benefits of a given abatement leads to a faulty analysis and may result in abatement decisions being made that result in the City’s inability to pay for adequate service levels without outside help.

## Cost Savings

Savings are difficult to estimate here because, depending upon the cost/benefit analysis of future projects, some projects might be renegotiated to ensure fiscal net benefit while others might be rejected altogether. Nonetheless, precise estimates of the cost of City services would facilitate more accurate fiscal impact assessments and therefore potentially substantial savings to the City.

<sup>117</sup> City of Jersey City 1999 Bond Rating Information. The Board of Education and Hudson County shared the remaining amount.

## **AB2 - Use Marginal Costing Instead of Average Costing when Determining Fiscal Impact on Large Projects**

### **Description**

Jersey City uses a complex methodology for determining the fiscal impact of a new commercial development project. This fiscal impact value – called the “Municipal Cost Allocated to the Non-residential Facility” – is arrived at through a series of calculations that make up the Fiscal Impact Analysis (FIA) worksheet. The FIA, in turn, is used when the City Council decides whether or not a tax abatement should be granted for the project. For a complete description of the FIA and the data used to arrive at municipal cost figures, see AB1 - Use Accurate Municipal Cost Figure in Fiscal Impact Analysis of Non-Residential Tax Abatement Applications.

Fiscal impact analysis is usually based on one of two methods: average costing or marginal costing. These two methods are very different and are utilized best in particular and contrasting situations.<sup>118</sup> Average costing assumes that the service provision costs associated with a new development are likely to be close to the average cost of providing services to existing development in the City. Average costing is most accurate when used by cities with stable economies that are not experiencing much change in their business and development environments, and where there is not a large variety in the type and value of new development projects. Average costing allows municipalities to consider the cost of services to the new development by measuring existing costs per unit (such as costs per capita, or costs per apartment).

Marginal costing, on the other hand, is typically used when the proposed development does not reflect the “average” development that currently exists in the City. Marginal costing is most appropriate for cities that are growing (or shrinking) rapidly, where there has been substantial change in the cost and rate of development and business expansion, and where new development differs significantly from previous development. Marginal costing allows municipalities to consider significant increases (or decreases) in costs that might become necessary to support new developments. For example, a large new development might require not just an extra route for one police officer, but may require hiring two new police officers, or buying new police cars. A large development might require more than just additional fire fighting equipment, but may in fact require adding a whole new fire station. These examples illustrate how a large development requires close scrutiny of its cost implications for City services.

Jersey City – given its rapid development, plethora of new high rise office buildings and burgeoning Financial, Insurance, and Real Estate (FIRE) sector over the last decade – fits clearly in this latter category of cities. Unfortunately, Jersey City utilizes average costing

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<sup>118</sup> The guidebook utilized in the creation of Jersey City’s Fiscal Impact Analysis is called “Practitioner’s Guide to Fiscal Impact Analysis.” Published in the early 1980s by the Center for Urban Policy Research at Rutgers, this manual states that “For nonresidential impact analysis – the Case Study Method [marginal costing] should be used in large, declining cities or small, rapid growth areas. The Proportional Valuation Method [average costing] is almost always employed in mid-size, moderate growth communities, especially in situations where only a rough gauge of impact is desired.” (Page 7).

methods for its large projects rather than marginal costing methods in its fiscal impact analysis.<sup>119</sup>

## **Recommended Changes**

Jersey City should use marginal costing methodology for projects that well exceed the cost of the average development project.

## **Rationale**

During the last decade – and increasingly over the last two years – Jersey City has negotiated multiple tax abatements under the State's "Long Term Tax Exemption" statute. Many of these projects have far surpassed (in terms of both dollars and square feet) the typical development seen in Jersey City in prior years. By utilizing average costing methods in critical tools used for analysis, the City has likely underestimated the cost of providing services to these developments. Any new large developments, especially those requiring new foundations or infrastructure, under consideration for tax abatements should be evaluated using a new marginal costing methodology. This will allow the Mayor and City Council to make informed decisions about entering into agreements, ensuring that the City does not end up with PILOTs that are too low to pay for the cost of providing required services.

## **Projected Savings**

Savings are difficult to estimate here because marginal cost analysis is a detailed study of City service needs. The analysis requires a close review of the proposed development, and interviews with the relevant agencies expected to be impacted by the development. Once two or three of these kinds of assessments are done, then the process becomes easier to complete. This process is more expensive to execute, but the potential savings are much greater to the City. It is well worth the effort for the City to at least do a few of these to see if its average estimates are in line with what the more accurate marginal costing method would yield. For example, if the City's estimated fiscal service cost for a proposed project was \$100,000, and the true cost of the project was \$400,000, then the City's fiscal impact analysis has overestimated net benefits by \$300,000. If the already estimated net benefit (PILOT payment less City costs) calculated under average costing does not at least equal this amount, then the City will incur deficit spending. If the extra cost of performing marginal cost studies came to \$10,000 a year,<sup>120</sup> then just one project like the example above would easily cover that amount.

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<sup>119</sup> It is unclear why Jersey City chose to use average costing over marginal costing. The guidebook the City follows to perform this analysis describes the two methods and their best use similarly to the descriptions here. Jersey City is clearly more a rapid-growth than a moderate-growth area and, given the large size of the tax abatements under consideration, more than a rough gauge of impact would have been helpful if not necessary.

<sup>120</sup> If two examiners earning \$60,000 (including benefits) could spend one month extra on these analyses, the extra cost of performing the study would come to \$10,000.

Key Facts	
<b>Budget</b>	<b>Employees</b>
\$4,163,000 – FY 2000 Adopted Budget	99 employees – FY 2000
\$4,171,295 – FY 2001 Mayor's Budget	72 employees – FY 2001
<b>Primary Functions</b>	
<ul style="list-style-type: none"><li>• Economic Development</li><li>• Grant Administration</li><li>• Affordable Housing</li><li>• Code Enforcement</li><li>• Business Licensing and Regulation</li></ul>	

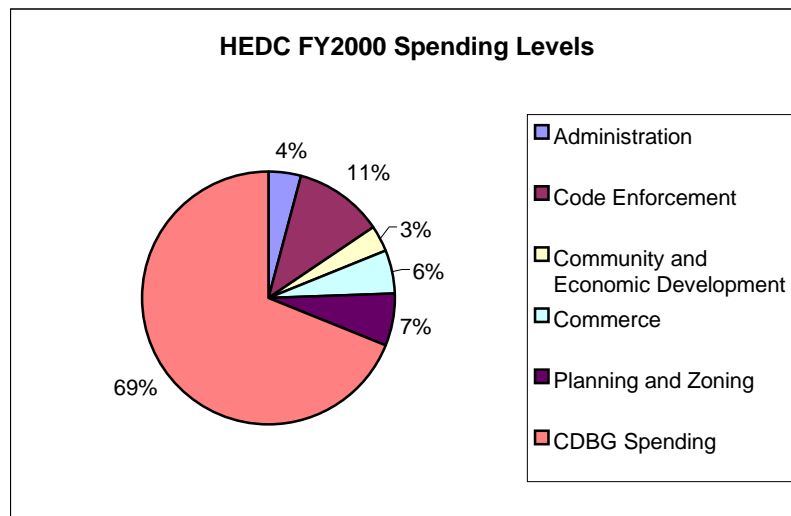
### Description

The Department of Housing, Economic Development and Commerce (HEDC) is the lead City agency responsible for coordinating economic development. HEDC is in charge of a wide range of programs related to economic and community development, business regulation, and housing. Its responsibilities have grown through the years, taking on a number of new functions while shedding others.

Currently, HEDC is comprised of seven divisions with separate functions including

- Community Development
- City Planning
- Economic and Industrial Development
- Construction Code
- Zoning
- Landlord Tenant
- Commerce

As is shown in the diagram on the next page, the lion's share of HEDC's work relates to the federal Community Development Block Grant (CDBG) program. Expenditures for these efforts come from federal, rather than City appropriations.



**The Division of Community Development** is the grant administration arm of HEDC. The Division of Community Development has an operating budget of \$1,906,820 for FY2001 of which the City contributes \$498,000 (compared to \$323,164 in FY2000). The Division receives the majority of its operating revenues from block grant percentages allotted for planning and administrative fees. Its primary functions include grant administration for redevelopment and affordable housing, social service program coordination, and regulatory compliance related to housing, safe work practices, and prevailing wage rates.

**The Division of City Planning** authors and designs redevelopment plans for Jersey City and reviews, processes and recommends plans to the Planning, Zoning and Historic Preservation Boards. The Division of City Planning has an operating budget of \$507,600 for FY 2001, which is a reduction of \$33,000 from FY2000. The Division employs five urban planners with Masters Degrees, four of whom are State licensed, three clerical employees who support office operations, and the Director for a total of nine staff members compared to eleven Full Time Equivalents (FTEs) in FY2000. City Planning determines areas to be studied for redevelopment, prepares technical reports, and draws up redevelopment plans. In addition, the Division prepares legal notices, conducts and follows-up on public hearings before the Planning Board and City Council and initiates special studies for planning purposes such as WALDO (Artists' Work and Live District Overlay), Design Standards Survey, Restaurant Row, and St. Peter's College Area Plan.

**The Division of Economic and Industrial Development** helps establish economic development policies for the City and works with developers on new construction. The Division of Economic and Industrial Development has an operating budget of \$254,500 for FY2001 compared to \$224,000 in FY2000. The Division employs 6.5 FTEs and acts as a liaison between the development community, City and State entities for the provision of infrastructure and other activities necessary to support development. The Division has assumed the responsibilities for and increased the scope of the Business Cooperative, the former Purchase Alert. Initially, Purchase Alert was intended to field government bids in an effort to support local business while securing competitive prices. The Business Cooperative has expanded this scope to include private sector requests for goods, services and personnel. In addition, the Business Cooperative acts as a liaison between the business community and the Jobs Development Program, which assists local residents with finding employment. In addition, the Jobs Development Program initiates "First-source" Agreements with new businesses and shares labor monitoring responsibilities with the Division of Community Development.

**The Division of Construction Code** reviews and approves plans for all new construction, rehabilitations, and renovations by implementing the State mandated Construction Code and performs systems testing. The Division of Construction Code has an operating budget of \$1,477,150 for FY2001, which is \$27,000 more than was budgeted in FY2000. The Division employs 27 FTE compared to 33 in FY2000. Currently, there are 20 sub code inspectors and seven clerk/typists. The State has allocated and approved replacing five employees lost to attrition including four sub code inspectors and one clerical worker. The Division generates revenue for the City through issuing and collecting fines for code enforcement violations collecting nearly \$3 million in fees in FY2000.

**The Division of Zoning** reviews, signs and submits architectural drawings to the Zoning, Planning and Historic Preservation Boards. The Division of Zoning has an operating budget of \$207,375 for FY2001, which is nearly the same as FY2000. Zoning employs a Division Director, two inspectors, one trainee and a secretarial assistant. Zoning inspectors are responsible for enforcing Jersey City zoning requirements in addition to reviewing and approving architectural plans.

**The Division of Tenant-Landlord Relations** enforces rent control and compliance ordinances. The Division of Tenant-Landlord Relations has an operating budget of \$74,170 for FY2001 compared to \$188,000 in FY2000. The Division employs six staff members, two of whose salaries are paid through grants. A relatively large percentage of the Division's personnel took a buyout last year, reducing the number of City-paid employees. The Tenant-Landlord Relations Division is responsible for rent control regulations and monitoring tenant complaints.

**The Division of Commerce**, the most recent addition to HEDC's portfolio, is responsible for licensing and business regulation. The Division of Commerce has an operating budget of \$597,500 for FY2001 a significant reduction from \$715,000 in FY2000. The Division of Commerce employs fourteen FTEs compared to nineteen in FY2000. Currently in its second year with HEDC, the Division of Commerce was formerly part of the Bureau of Licensing and Fees. The Division of Commerce licenses and regulates businesses from livery to alcoholic beverages and collected over \$1.3 million dollars in fees in FY 2000.<sup>121</sup>

## Findings

HEDC generally manages its wide range of responsibilities well despite its limited resources and has created a number of innovative ideas. Some of these ideas have not succeeded because of political and institutional obstacles, while others have been or are in the process of being implemented. HEDC has contributed to the growth and development occurring in parts of Jersey City.

### HEDC's Leadership in Economic Development

The economic development functions within Jersey City are divided among a number of agencies, including HEDC, Jersey City Redevelopment Agency (JCRA) and Economic Development Corporation (EDC). Unfortunately, there is poor communication and some mistrust between these organizations. Relevant information is often not shared, which leads to inefficiencies and turf battles.

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<sup>121</sup> Jersey City FY2001 Budget

The other economic development governmental (or quasi governmental) players in Jersey City are:

- **JCRA's** primary functions are real estate development and redevelopment including land acquisition, assembly, condemnation, demolition and tenant relocation. Although JCRA specializes in buying and selling real estate for private development in redevelopment areas, JCRA operates as an adjunct to HEDC. HEDC parallels JCRA project management not designated as redevelopment areas. JCRA uses a large percentage of HEDC funds, and HEDC administered-grants support JCRA and EDC operating costs, including salaries, as part of the percentage allotted for planning and administration. In addition, Community Development Block Grants (CDBG) fund a large number of JCRA redevelopment projects through the percentage allotted for public service. JCRA also receives grants for low and moderate housing and slums and blight.
- **EDC**, a private corporation, is not officially part of the system, yet it often takes its direction on economic development initiatives from the Mayor. EDC acts as a development corporation for the Urban Enterprise Zones (UEZ), a conduit between the public and private sectors attracting, retaining and financing new business, and as the marketing arm for Jersey City. In addition, EDC acts as a developer in joint ventures with the City.

HEDC, JCRA and EDC all participate in and promote economic development in Jersey City. All three agencies act as developers, marketers and to some degree financial advisors to the development community. There is a natural tension between individual agencies as a result of their respective missions. For example, JCRA is market driven by definition, while City Planning must consider all stakeholders in its decision making process. EDC is a private corporation, which interacts with but is not subject to the same limitations facing the public sector entities. Yet, to best serve their customers and to ensure Jersey City's continued economic success they must work together. The agencies individual mission may differ, but they are inextricably intertwined. HEDC clearly is and should be the lead agency on economic development in Jersey City. All development entities report directly or indirectly to and are in part funded by HEDC.

In the long-term, the players in the economic development arena should plan a facilitated offsite professional retreat to address some of the underlying issues and to develop a joint agreed upon plan for the City. In the short-term, better communication between the development agencies can help to alleviate current and avoid future confusion. Although agencies' functions differ in practice, there are no clear lines of demarcation between the development entities. (See attached functional chart). Developers interested in doing business in Jersey City do not have a clear point of entry, easy access to information, or a transparent process.

### **Staffing**

In the past, HEDC has attempted to reduce the number of civil service personnel it employs. However, it has experienced little success due to a failure to follow the appropriate civil service procedures. Currently, there are number of civil service personnel who are performing sub-optimally in their current positions. Under pressure to keep some people on the payroll, HEDC has transferred some civil servants to perform other tasks after eliminating their original positions. Thus, there are several personnel who are performing out-of-title. There should be a general review and restructuring of titles and functions to reflect the actual services provided by personnel.

In addition, there are functions such as the Bureau of Vacant Buildings that have become obsolete. As a result the services of personnel in these functions are no longer needed. Under Jersey City's current budgetary constraints keeping employees on the Jersey City payroll so that they can retain civil service titles and benefits is a luxury that the City in general and HEDC in particular cannot afford.

### **Code Enforcement**

Code Enforcement in Jersey City is fragmented. For example, under HEDC the Division of Construction Code monitors construction compliance, and Fire Code inspectors take over when the building becomes operational. In addition, the Department of Neighborhood Improvement (NID) Housing Code inspectors monitor maintenance on tenant occupied residential properties and the Real Estate Division of the Department of Administration has two inspectors that perform similar tasks. The City would benefit from consolidating code enforcement in one central location for all inspection agencies within the City following the example of a number of municipalities.

Currently, there is little coordination of efforts between these functions and they lack a communal database to access information. The Tenant-Landlord Relations Division under HEDC monitors rent control regulations and landlord compliance while NID Housing Code inspectors respond to tenant complaints. The Division of Community Development must have inspectors on staff to comply with HUD regulations for lead-based paint, yet Health and Human Services also runs a lead-based paint program. The recommendations in this report include efforts to consolidate code enforcement (see NID: Merge Division of Housing Code Enforcement with Tenant-Landlord Relations Recommendation) but further coordination and consolidation would lead to greater efficiencies.

### **Use of Technology**

HEDC in particular and the City in general do not effectively take advantage of technology or coordinate technology that is currently available within City departments, authorities and agencies. For example, code enforcement in all municipal entities employs a large number of clerk/typists and administrative support staff because they lack automation. Several functions including permits, inspections and violations are done manually. Currently, the Tenant-Landlord Relations Division is implementing new technology, which will allow future inspectors to enter their own data. Increased technological capacity should be extended to other code enforcement functions.

Further, the Division of Commerce manually processes more than thirty different types of licenses and applications for which each is between two to twenty pages. Similarly, the Cultural Affairs Division of the Department of Recreation event's planning application encompasses more than twenty individual steps. The Construction Code, Commerce and Cultural Affairs Divisions' applications forms for licenses and permits are thorough and effective, but efficiency would improve if processing were available on-line as well as in person.

The Municipal Utility Authority (MUA) is utilizing a Geographic Information System (GIS), to visually and automatically transform real estate related data, including lot name, utilities positions, ownership and size, into spatial maps of the City. This system greatly enhances MUAs analytical abilities. Spreading the availability of GIS throughout the City would streamline a number of processes. In the long-term, code enforcement officers should have hand-held computers to eliminate one step in a time consuming and detail oriented process.

### **Revenue Generation**

HEDC (and to a large extent Jersey City as a whole) does not maximize revenues and should perform an overall assessment of potential revenue generating activities. Andersen identified a number of potential revenue generating activities throughout the City during our assessment. Some services were either lacking or provided for lower fees than similar fee-based services in surrounding communities. For example, the Division of Commerce charges fees for licenses to offset the costs of regulating businesses and to earn revenue for the general fund, but the fee schedule does not compare to those of surrounding communities.

### **Detailed Recommendations**

- HEDC1 - Consolidate Code Enforcement in One Central Location
- HEDC2 - Combine Zoning and Construction Code Enforcement Under One Division Director
- HEDC3 - Automate the License and Permit Process
- HEDC4 - Increase Licensing Fees
- HEDC5 - Relocate Agencies to Less Valuable Real Estate
- HEDC6 - Disband the Bureau of Vacant Buildings
- HEDC7 - Implement Geographic Information System (GIS) City-wide
- HEDC8 - Institute Better Oversight and Monitoring of Grants Administration and Voucher Payments

# **HEDC1 - Consolidate Code Enforcement in One Central Location**

## **Description**

Code Enforcement in Jersey City is fragmented. For example, under HEDC the Division of Construction Code monitors construction compliance, and Fire Code inspectors take over when the building becomes operational. HEDC employs 1.5 Full Time Equivalent (FTE) Fire Protection Inspectors. The Fire Protection Inspectors are charged with instructing the Fire Code Inspectors on the emergency systems in new buildings. There has been little coordination of efforts between these functions and they lack a communal database to access information.

Fire Code Inspectors report to a Fire Prevention Bureau within the Fire Department. The Fire Code Inspectors perform two types of inspections including Non-Life Hazard and Life Hazard building inspections. Communication between Life Hazard and Non-Life Hazard inspectors is not optimal. Currently, there are three full-time civilians and two uniformed inspectors reporting to the Fire Prevention Bureau.

## **Recommendation**

Civilianize the two uniformed Fire Inspectors and move the Division to the Department of Housing, Economic Development and Commerce (HEDC).

## **Rationale**

The City could save money and achieve efficiencies by civilianizing the fire inspectors. Uniformed inspectors earn more than four times their civilian counterparts. Civilian Fire Inspectors earn \$22,000-\$28,000 compared to \$92,000 for uniformed inspectors. Civilianizing Fire Inspectors will also open-up positions at the Fire Department allowing additional fire fighters to be hired. This would be helpful because the Fire Department is operating under a quota system as a result of the hiring freeze.

Another reason to move Fire Inspectors to HEDC is that the Non-Life Hazard Inspectors are under-performing.<sup>122</sup> Life Hazard Inspections are New Jersey State mandated. As a result, the Life Hazard Inspections are performed in full while the Non-Life Hazard inspections are performed less often. Moving the Non Life-Hazard Inspectors to a Department that focuses in part on non-life threatening code enforcement, in contrast to the Fire Department which focuses primarily on life threatening situations, could foster the increase of inspections leading to improved safety and more revenue for the City.

The Fire Inspectors could coordinate efforts, improve communication, and eliminate redundancies within their Division and between other code enforcement entities if they were moved to the same location as other code enforcement divisions. Jersey City's Code Enforcement arm could perform more efficiently if all code inspectors had access to all inspection and violation information. The Fire Department has almost completely

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<sup>122</sup> Interview February 14, 2001 with State Auditors who are performing the Fire Department operational review.

implemented new CAD technology with modems in seventeen firehouses giving them the ability to upload all inspection activity to the main system. Under this recommendation, all inspectors would have access to the information in the main system by connecting a path from the satellite locations to the main system through a telecommunications line.

The recommendations in this report include efforts to consolidate code enforcement (See Tenant Landlord and the Department of Neighborhood Improvement) but further coordination and consolidation would lead to greater efficiencies.

### Projected Cost Savings: \$134,000

Consolidation of the Code Enforcement personnel into HEDC would save substantially on salaries and benefits due to lower salaries given to civilian inspectors.

Spending Levels		
COST	Current	Recommended
Civilian Fire inspector	\$75,000 <sup>123</sup>	\$125,000
Uniformed Fire inspectors	\$184,000 <sup>124</sup>	\$0
<b>TOTAL</b> <sup>125</sup>	<b>\$259,000</b>	<b>\$125,000</b>
<b>PROJECTED COST SAVINGS</b>		<b>\$134,000</b>

In order to implement this recommendation, the Fire CAD system would need to be extended to HEDC. The cost of this extension will require an upfront investment of about \$54,000.

Cost to Extend Fire CAD to HEDC <sup>126</sup>	
Hardware	\$6,200
Telecommunications	\$42,780 <sup>127</sup>
Software	\$5,000
<b>Total investment Needed</b>	<b>\$53,980</b>

<sup>123</sup> Three civilian inspectors at an average salary of \$25,000.

<sup>124</sup> Two uniformed inspectors at an average salary of \$92,000.

<sup>125</sup> Not including benefits. Civilian benefits are lower than benefits for uniformed fire fighters.

<sup>126</sup> Proposal and cost estimates prepared by John Mercer, CIO, City of Jersey City. February 16, 2001. The telecom costs reflect a Verizon quote to upgrade the Fire Department's existing network from 9600 analog leased lines to 56kb frame relay. The hardware costs reflects installing a server at communications (715 Summit) from which to create the network. Software costs are for emulation software to load on code enforcement PCs. Additionally, to best utilize CAD system for Fire Inspections, the Fire Department should "go mobile." This will involve an interface between mobile devices (possible laptops) and the Fire Department's AS/400. Most likely this would be written by the CAD vendor and shouldn't cost more than \$2,500.

<sup>127</sup> Telecommunications monthly charges estimated at \$3565 will continue.

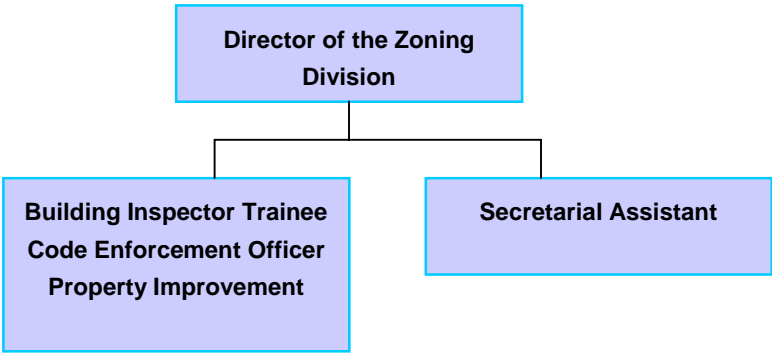
# HEDC2 - Combine Zoning and Construction Code Enforcement Under One Division Director

## Description

The Division of Zoning and the Division of Construction Code Division are currently two separate divisions within HEDC, even though their work is closely related.

The Division of Zoning reviews, signs and submits architectural plans to the Zoning, Planning and Historic Preservation Boards. As shown in the Zoning chart below, the Division of Zoning currently has five full-time positions. Initially, developers submit architectural plans to the Division of Zoning for review. Zoning reviews, approves and submits the plans to the Planning Board. The Planning Board reviews and routes the documents to the Division of Construction Code for further review.

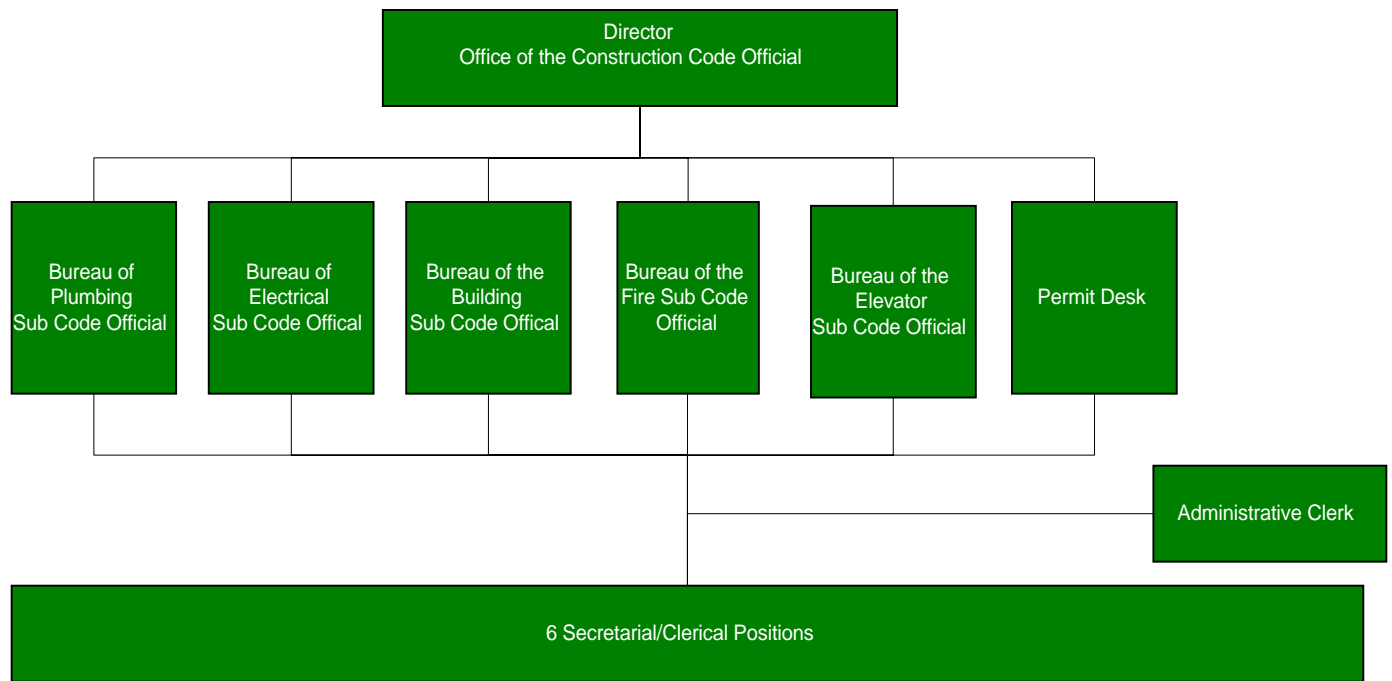
**The Division of Zoning: As-Is Organizational Chart**



The Division of Construction Code reviews and approves plans for all new construction, rehabilitations, and renovations. Once Construction Code receives these documents from the Division of Zoning, each page of the architectural plans must be reviewed and stamped by appropriate Sub Code inspectors.

As is shown in the Construction Code chart on the next page, the Division of Construction Code has 27 employees responsible for enforcing five sub codes including electrical, fire, building, plumbing, and elevator. State Code allows for an optional sixth sub code, mechanical, that Jersey City does not currently have. The sub code officials review the plans and if approved, the permit is processed and issued. Routine inspections and applications requiring site visits are performed by the appropriate Sub Code Inspectors.

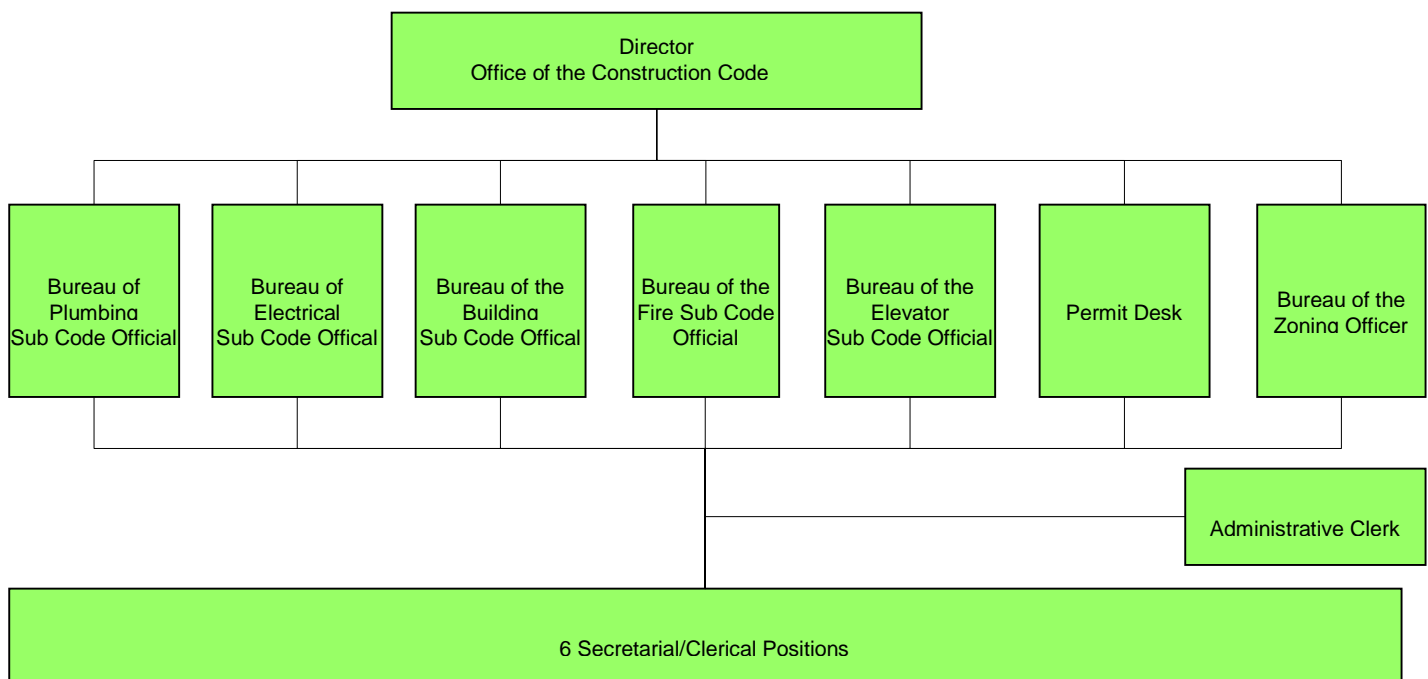
### Construction Code: As-Is Organizational Chart



### **Recommended Changes**

The Zoning and Construction Code Director's functions should be combined into one position. One secretarial assistant position should be eliminated given the existing six clerk typist/data entry employees currently in the Code Enforcement Division. These two salaries added together comprise 36% of the Division of Zoning's total budget.

### To-Be Construction/Zoning Organizational Chart



## Rationale

Jersey City should combine Zoning and Construction Code enforcement under one Director. Construction Code Enforcement and Zoning currently employ 27 FTE and 5 FTE respectively, including the Directors. Zoning review is an essential and unique function in the permit process requiring specific technical skills, but it is not critical for the Division of Zoning to remain a separate entity. The integrity of the zoning review will not be compromised if the function is combined with construction code. Currently, Zoning employs a full-time director to oversee two inspectors, one trainee and a secretarial assistant.

The three remaining zoning inspector's salaries could be covered by revenues generated by the Code Enforcement Division if a larger percentage of funds were collected and allocated back to the Division from the General Fund. At the least, these three salaries would remain the same. Although it may not be possible to dedicate a percentage of fees collected to a specific code enforcement office, implementing better communication between inspectors and court administrators and introducing a performance-based incentive system would improve code enforcement overall in Jersey City. The City should attach prefixes to each Code Enforcement Division's violations providing the Court Administrator a method to generate a report tracking individual violations by Division. As discussed previously in this report, Code Enforcement is a good example of why the City should institute a performance based budget system, so that the Division would benefit financially for each additional dollar collected from outstanding violations. The Division would then be able to hire much-needed additional sub code inspectors without increased costs to the City. A performance-based approach would incentivize the Division to follow-up on outstanding violations, increase revenue for the City and improve safety.

### **Annual Cost Savings: \$109,000**

#### **Staffing Change: Down 2**

Combining Zoning and Construction Code enforcement under one Director eliminates one Director position. In addition, one secretarial assistant position can be eliminated by combining and distributing tasks among the six clerk typists currently working in the Division of Construction Code.

Spending/Income levels for the Division of Zoning		
Cost	Current	Recommended
Salaries		
Director	\$60,000	\$0
Secretarial Assistant	\$37,000	\$0
Benefits	\$12,000	\$0
<b>TOTAL COST</b>	<b>\$109,000</b>	<b>\$0</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$109,000</b>

## **HEDC3 - Automate the License and Permit Process**

### **Description**

Jersey City manually processes license and permit applications throughout its Departments including the Commerce, Construction Code, and Zoning Divisions within HEDC. Recently, the Jersey City Free Public Library surveyed Jersey City residents for internet access and the results were impressive: a total of 55% of all respondents have access to the internet at home and 24% at work or some other location. Currently, the library is halfway through a major automation initiative for the main library and its branches. In the near future, all citizens that do not have access to the internet at home or at work will have this technological capability available to them at the public library.

The many permit and application processes that are currently done manually could be done on-line. The transition can be gradual, on-line processing does not have to completely replace the current system, but rather enhance it offering citizens and the business community a quicker more efficient alternative.

### **Recommended Changes**

The City should make all license and permit applications available through its web-site or through the internet.

### **Rationale**

Jersey City's current permitting and licensing system is labor intensive and inefficient. The Construction Code Department issued 3,793 permits in FY99. The Commerce Department processed an equally high number of permit and license applications. Although there are issues with the on-line provision of supporting documentation that is needed to apply for or to renew a permit/license (such as police background checks, proof of insurance, drivers license, etc.) applications could be downloaded and completed online to reduce waiting time.

### **Projected Savings & Investment Needed**

In order to implement this recommendation, HEDC will have to upgrade its IT capability in the areas of Code Enforcement, Licensing and Online permitting at substantial cost; unfortunately, exact estimates are difficult to quantify. Detailing cost savings from decreased employee-processing time, too, are also difficult to quantify.

## HEDC4 - Increase License Fees

### Description

The Division of Commerce charges fees for licenses to offset the costs of regulating businesses and to earn revenue for the General Fund. However, the fee schedule is significantly lower than those of surrounding communities. Recently, HEDC benchmarked against and discovered a sizeable gap between Jersey City's licensing fees and those of North Bergen, Elizabeth, Hoboken, Union City, Newark, Camden, and Bayonne. HEDC's recommendations for increasing licensing fees was rejected by the City Council.

### Recommended Changes

Implement the licensing fee increases as recommended by HEDC.

### Rationale

Jersey City's licensing and permit fees are significantly lower than those of surrounding communities. HEDC Table 1 (in the Appendix) compares Jersey City license fees to those of surrounding communities. HEDC Table 2 (also in the Appendix) highlights the individual licenses that HEDC believes are appropriate to increase at this time. The list is not intended to address all the licenses currently issued, nor to suggest that others should not be increased, but rather that a phased approach will make the transition smoother. License fees follow the market, and as demand increases Jersey City should continue to monitor what the market will bear.

### Annual Revenue Increase: \$193,900<sup>128</sup>

HEDC Table 2 also shows the increased revenues that are projected if the new fees are implemented. We assume that there will not be any significant decrease in the number of applications due to the license fee increases. As HEDC Table 2 shows, some of the fee increases are phased in over time, so there will be increased revenue generated in year two (\$289,852) and year three (\$370,440) over current levels.

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<sup>128</sup> See the following Increase License and Permit Fees Schedule Table. \$193,900 is the difference between the potential revenues in Year 1 of \$482,085 and the current revenues of \$288,185.

## **HEDC5 - Relocate Agencies to Less Valuable Real Estate**

### **Description**

A number of City departments are located on real estate that is now considered prime because of development trends in Jersey City.

#### **HEDC/JCRA Office Lease**

HEDC and Jersey City Redevelopment Authority (JCRA) currently lease space in a class A building at 30 Montgomery Ave for a rate of \$17.90 per square foot. At the time that the City leased the space it was a smart move for the City because it was part of an effort to bring business to the waterfront. Since then, the economic situation has changed dramatically. New businesses are clamoring for space in the neighborhood. Recently, Chase Manhattan leased a large amount of space at \$30 per square foot. Smaller premises may lease at even higher rates in this area.

#### **Impound Lot**

The Impound Lot is located in an area that has been targeted for redevelopment. The Impound Lot is located on seven non-contiguous lots. The irregularly shaped parcel of land totals approximately 58,507 square feet or 1.343 acres. This is part of a larger track of land that has a total area of 16.05 acres of which the Jersey City Municipal Utilities Authority (MUA) owns 14.7 acres. It is anticipated that the entire area will be part of a future recreation park. A small portion of the land will remain MUA property, where a pump station currently exists.<sup>129</sup>

The City was tentatively negotiating for the development of the property containing the impound lot (in Liberty State Park) with a private developer. The developer is interested in building a sports complex at no cost to the City. Under the proposal, the City would either initiate a direct sale or lease the land for 30 years and gain a 30-year revenue stream and retain ownership with no bonding required by the City. The development is on hold until the impound lot is moved.

#### **Route 440 Land**

The land along route 440, or the Silver Coast, where JCIA, DPW and MUA are currently located is valuable real estate. The City started preliminary studies on relocating the JCIA, DPW and MUA to Garfield in the Lafayette area. In fact, DPW invested in a feasibility study before purchasing a number of acres in 1999.

### **Recommendations**

- Move HEDC and the Redevelopment Authority out of current leased space at the end of the lease term.
- Relocate the City impoundment lot to less valuable land.
- Relocate MUA, JCIA to less valuable land.

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<sup>129</sup> Limited Summary Appraisal Report on Vacant Land Situated on: Communipaw Avenue, Oliver Street and Philip Street, Jersey City, New Jersey. Prepared for Jersey City Development Corporation by the Hallmark Appraisal Company, Inc.

## Rationale

### HEDC/JCRA

Jersey City should move HEDC and JCRA at the end of their leases because it will save the City money in rent and free up more space for private sector development. The movement of these agencies to a less developed area could spur additional development in the new location.

### Car Pound

The Car Pound site is located on property that the City wants to redevelop for a higher and better use. Also, the City should be able to profit from such a deal due to the inherent value of the property where the lot is located.

### Route 440 Land

The City should work toward relocating MUA and JCIA to less valuable land because it could result in a substantial inflow of cash from the sale of the properties and be an opportunity to replace aging facilities and generate economic development in distressed parts of the City.

The City should seriously consider moving MUA and JCIA to the Garfield site. While this land will require environmental clean up, the estimated costs based on recent studies may not be prohibitive. For example, Home Depot recently opened a store on Route 440 by capping their site before construction. Premiums for developing and remediating a property are subsumed in the construction cost of the project.<sup>130</sup> Under such a plan, additional costs to the City for environmental clean up may be insignificant.

## Annual Savings

The savings from the HEDC and JCRA moves are quite substantial, although they do not begin to accrue until the new lease is signed in 2003. Below is an estimate using two different options. If the City moved to the least expensive area, Morris Canal, the savings would be approximately \$286,000 per year.

Total Projected Cost Savings from Relocation to Less Valuable Real Estate			
Location	Projected Average \$/sq. ft	Minimum Savings \$/sq. ft.	Total Savings
30 Montgomery	\$35+	\$0	0
Journal Square	\$25+	\$10	\$143,000
Morris Canal	\$20+	\$15	\$286,000
Total current sq. ft.	14,300		

The fiscal impact from selling the impound lot and MUA/JCIA property is more difficult to assess. The City has provided us with some estimates of the values they believe that they could obtain for either selling or leasing the property (see table below).

Valuable Real Estate in Liberty State Park			
Location	Size	\$/acre	Total Value
Impound Lot (IMP)	1.343 acres	\$16,000	\$215,000 (for sale)
MUA Lot	14.7 acres	\$16,000	\$224,000 (for sale)
Total projected IMP lease per year			\$17,200 (for lease/year)

<sup>130</sup> Conversation with Paul Hamilton of JCRA.

## HEDC6 - Disband the Bureau of Vacant Buildings

### Description

The Bureau of Vacant Buildings is obsolete. The initial function of the Bureau was limited in scope and focused on inventory management of vacant building stock in the City. Recently, the City created a Vacant Building's Redevelopment Plan and issued a Request for Proposal (RFP) for the rehabilitation of all units listed in the plan. As a result, the Bureau has no real function. There are currently two employees in the Bureau: the Bureau Director and a secretary. The head of the Bureau is a former employee of the Division of Construction Code and is still paid under that Division's budget. Initially, his duties included title searches, pursuing landlord complaints and recording other relevant information regarding vacant buildings. Once the information was collected and put into a database, the need for his services diminished. He was given other tasks such as working with the utilities, cable and construction companies to monitor street and road closings and replacements, duties that were previously performed by DPW.

### Recommended Changes

Disband the Bureau of Vacant Buildings. The Director's current duties, which were previously performed by DPW should be transferred back to DPW.

### Rationale

The previous functions of the Bureau are no longer being carried out. Therefore, the two employees assigned to the Bureau should be reassigned to other departments or agencies where their skills could be better utilized. The physical space that the Bureau occupies will no longer be needed, reducing HEDC's operating costs.

**Annual Cost Savings: \$124,224**

**Staffing Change: Down 2**

Spending Levels at Bureau of Vacant Buildings		
Cost	Current	Recommended
Director	\$61,739	\$0
Executive Assistant	\$50,505	\$0
Benefits	\$12,000	\$0
<b>TOTAL COST</b>	<b>\$124,224</b>	<b>\$0</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$124,224</b>

## HEDC7 - Implement Geographic Information System (GIS) City-wide

### Description

A Geographic Information System (GIS) is mapping software that allows real estate related information to be applied to a spatial location and provides data in layers that can be manipulated. GIS, essentially, “links information about where things are with information about what things are like.”<sup>131</sup> Using GIS requires a municipality to have the following things:

- computer(s) capable of running GIS software (such as ArcView) plus that software
- specific data to be loaded into the system and manipulated to create map-based outputs
- employees to operate the system, extract information and make judgments and decisions based on the outputs of the GIS program

For most cities, creating a data set with detailed information such as roads, transit lines, schools, shopping centers, libraries, utility and water lines, block and lot information, political wards, and redevelopment areas – all tied to geographic location - is the greatest hurdle to overcome in implementing GIS. Once this data set has been created for a given area, any City employee with a bit of training and a computer running a GIS program can use this resource to make better decisions. Once GIS is up and running, its benefits are easily spread throughout departments. In fact, the more City departments using GIS and adding data to the system, the more helpful GIS becomes because employees of a number of departments can add information to one central data set and share information government-wide. A municipality can then make informed decisions by using GIS to view trends and patterns in a visual setting that might go unnoticed in traditional decision-making processes.

The Municipal Utilities Authority (MUA), an autonomous City agency, has already implemented GIS and populated a data set to facilitate invoicing and monitoring the collection of user fees. Jersey City's Business Administrator has also informally surveyed all City departments to assess potential efficiencies to be gained through access to GIS, and the survey response was positive. Consequently, the City evaluated the cost of purchasing the necessary computer equipment and software to populate GIS throughout City agencies. The City decided that it would be more efficient to partner with MUA because MUA has already completed the largest up-front GIS effort: data set creation. Although MUA would like to recoup some of its costs by charging the City for access to the GIS data, it has granted such access to the Planning Division of HEDC at no charge, but limits dissemination of outputs from the program. The City has roughly drafted a phased GIS implementation plan. The City's prioritized schedule for GIS rollout includes the offices of the Tax Assessor and Collector in Phase I, followed by the departments of Zoning, Building, and Community Development in Phase II.

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<sup>131</sup> [www.GIS.com](http://www.GIS.com)

## Recommended Changes

The City's goal should be for all departments to have access to GIS and should work with MUA to make this goal a reality within two years.

### Rationale

GIS is rapidly becoming a best practice for municipalities worldwide and sets apart well-performing cities from those falling behind in performance and efficiency. Ultimately, Jersey City could use GIS to make better policy choices throughout countless operations, including but not limited to the following:

- Identifying areas and neighborhoods to highlight for development
- Performing impact analysis of new development
- Implementing the next round of property tax valuation and general property tax assessment efforts
- Determining which City-owned properties to hold from auction for redevelopment purposes
- Identifying the most efficient and effective routes for garbage collection, snow removal, and street sweeping
- Determining appropriate responses to location-based trends in crime, motor vehicle accidents, fires and other events

In addition, while the State has mandated implementation of a numeric lot system, the majority of Jersey City's records are still kept in the outdated alphanumeric system. Jersey City could use the move to GIS-based record keeping as an opportunity to transition fully to the new lot system.

### Cost Savings & Investment Needed

It is difficult to project total cost savings generated by this recommendation because the savings will be spread out broadly across the City and will generally be reflected in time savings rather than direct cost savings. Yet, almost all City functions would benefit from access to, and effective utilization of GIS.

The City recently received a proposal for updating the City's tax maps and converting to GIS. The total cost was \$1,690,000 for a "from scratch" methodology. Since the City and the MUA have already done much of this work, the real costs might be less.<sup>132</sup> MUA is working with Shoreline Environmental, the firm that populated MUA's GIS database, to avoid proprietary limitations on transferring what is essentially public information. MUA is likely to charge the City only for reasonable database reproduction costs rather than licensing fees, or fees to recoup a percentage of their initial investment, as initially intended.<sup>133</sup> However, much of this is unknown, and we cannot accurately estimate the exact amount of investment needed for this endeavor.

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<sup>132</sup> GIS proposal cost estimates prepared by John Mercer, CIO, City of Jersey City for Andersen. February 16, 2001.

<sup>133</sup> Telephone conversation with John Mercer, CIO, City of Jersey City, February 16, 2001.

## HEDC8 – Ensure Adequate Staffing Levels for Federal and State Grants and Program Oversight

### Description

The Division of Community Development is the grant administration arm of HEDC. Community Development administers HUD funded programs including Community Development Block Grants (CDBG), Home Investment Program (HOME), Housing Opportunity for People with Aids (HOPWA), and Emergency Shelter Grants (ESG) and State funded Community State Block Grants (CSBG). As the table below shows, block grants to HEDC are a major source of funding for Jersey City every year. The funded allocations for fiscal year 2001 are CDBG \$8,565,000; HOME \$2,864,000; HOPWA \$2,272,000 and ESG \$300,000. HUD closed the Jersey City Redevelopment Authority, the City agency that previously administered CDBG funds, in the 1990s for lack of responsible financial reporting. HEDC has fought hard to improve operations and is now viewed favorably by HUD.

Division of Community Development: Federal and State Grants				
Grants	FY1998	FY1999	FY2000	FY2001
CDBG	\$8,750,000	\$8,683,000	\$8,565,000	\$8,915,000
ESG	\$345,000	\$308,000	\$308,000	\$303,000
HOME	\$2,383,200	\$2,856,000	\$2,864,000	\$3,184,000
HOPWA	\$2,464,000	\$2,271,000	\$2,272,000	\$2,184,000
CSBG	\$660,458	\$673,500	\$722,966	?
<b>TOTAL</b>	<b>14,602,658</b>	<b>14,791,500</b>	<b>15,186,966</b>	<b>14,586,000</b>

The City must fulfill various requirements to receive these funds and remain in good standing with the granting agencies. Jersey City needs to ensure that enough properly trained staff are on hand in order to meet these requirements. The City cannot afford to jeopardize its grant funding. HEDC administered grants support JCRA and EDC operating costs, including salaries, as part of the percentage allocated for planning and administration. In addition, CDBG grants fund a large number of JCRA redevelopment projects through the percentage allocated for public service. JCRA also receives grants for low and moderate housing and to alleviate slums and blight. Health and Human Services is another sub-recipient that depends on grant funding and would suffer if this funding were lost.

The Division of Community Development receives approximately 100 CDBG applications annually, 80% of which are renewals. Each sub-recipient submits voucher payment requests to the City to draw down funds via the Division of Community Development. Staff members in the Division of Community Development are assigned specific projects and are responsible for all aspects of that specific grant's process. The individual staff members receive, monitor and issue voucher payments. Vouchers received are reviewed to ensure that they are correctly completed and contain all necessary documentation. Once the required signatures are obtained, the voucher is forwarded to the controller's office and scheduled for City Council review. Every voucher payment is then approved by the City Council. Currently, the Division of Community Development does not have a fiscal

component in-house; the fiscal component and accounts control is located at the Palisade's office, a physically distant location.

This process results in a potential for duplication of payments or grantees receiving funding from multiple City departments. Community Development tries to cross check with other departments, but has no set procedure. There have been cases where recipients submit the same voucher to both Community Development and Health and Human Services, and the potential exists for grant recipients to submit the same voucher twice when dealing with multiple grants. For example, hypothetically, Health and Human Services could receive a grant and pass funds on to a non-profit that also receives funds from the same granting mechanism from the Division of Community Development. There is also an issue with the Department of Recreation where not-for-profits are receiving City funding through the Department of Recreation (thereby participating in a funding mechanism that appears to lack transparency and a formal grant application process) as well as CDBG funds.

### **Recommended Changes and Rationale**

Jersey City should increase staff to oversee and monitor grant-recipients and enforce HUD regulations. All Community Development salaries are paid for by grants and not by the City's budget. The potential for duplication of voucher payments exists as a result of lack of adequate oversight stemming from the inadequate number of staff. In the short term, assigning a staff member dedicated to coordinating voucher payments within HEDC and among outside agencies would decrease the chances for duplication of payments. In the long term, an automated process should be implemented.

Community Development does not use the maximum funding amount allowed for grant administration. HUD grant administration funds can be carried over to the next fiscal year or technically could be used for other eligible costs. Community Development can therefore fill all new, recommended positions with grant administration funds.

#### **Hire a Loan Advisor**

The Community Development Office has been operating without a loan advisor to assist with processing vouchers for over six months. The result has been delays in processing certifications and recertifications for housing projects. In addition, there is a serious potential for lack of adequate oversight if no loan advisor is hired soon.

#### **Hire a Labor/Davis-Bacon Monitor**

Jersey City is currently out of compliance with HUD for not having a either a Labor or Davis-Bacon Monitor on staff. HUD dictates construction site monitoring. As a result of the hiring freeze, this position has been vacant since the former employee left. The Construction Site Monitor inspects construction sites for equal employment and prevailing Federal wage rates compliance. The Labor Monitor can also monitor project employment agreements that the developers have entered into with the City as well as assist with the Environmental Review Report (ERR). Labor monitoring is critical to qualifying for HUD grants and the City could jeopardize \$14-\$15 million in HUD funding if this work is not done properly.

#### **Hire an Asset Manager/Housing Coordinator**

The City has completed Affordable Housing projects that were funded by the Division of Community Development. Division of Community Development currently has mortgages on these properties and is ultimately responsible for them. The City gets the housing up and operating, but is incapable of properly monitoring these projects due to inadequate staff.

### **Hire a Social Service coordinator**

The City may not be providing the level of monitoring, follow-up, and technical assistance necessary to ensure grant compliance in this area because of staff shortages. Since November 2000, the Division of Community Development has been operating without a social service coordinator. The former Social Service Coordinator facilitated CSBG, Cost Sharing and CDBG public service projects. A new Coordinator could also fill a needed supervisory role over the Homeless Coordinator and assume the responsibility of overseeing the HOPWA program. Jersey City is responsible for administering the HOPWA program for Hudson County and allocating over \$2 million in HOPWA grants. There are four sub-recipients, which the City must oversee but due to lack of personnel cannot effectively monitor. Unfortunately, there is no one currently on staff who is capable of performing these functions.

### **Combine positions: Lead Based Paint Coordinator, Relocation Officer, Housing Inspector/Safe Work Practices Monitor and Risk Assessor**

Inspectors are needed to comply with HUD's new lead based paint regulations slated to take effect on September 15, 2001. The City requested and received a six-month *inadequate capacity* waiver because the City does not have technically trained inspectors capable of carrying out these lead based paint inspections. The City's waiver expired on March 15, 2001. The Division of Community Development cannot outsource lead-based paint inspections because this expertise does not exist in the private sector and the County does not have technically trained inspectors. Over 50% of the housing in Jersey City was constructed in 1939 or earlier; because of the age of the housing stock, it is estimated that most units contain lead and will require some lead hazard control activities.<sup>134</sup> The new lead-based paint requirements impact the rehabilitation, first time homebuyers, and HOPWA programs.

Grants require that the City provide relocation assistance when City actions result in the displacement of people. However, the Community Development office has been operating without a Relocation Coordinator for over a year as a result of the hiring freeze. Failure to have a person on staff with relocation expertise leaves the City at risk of non-compliance with HUD Grants. The City should look to either outsource this function or to hire a relocation coordinator.

The Community Development program is currently short one Lead Based Inspector/Safe Work Practices Monitor, one Risk Assessor, and a part-time inspector is nearing retirement. One inspector can act as a lead based paint inspector and risk assessor, monitoring safe work practices eliminating the need to replace the retiring position.

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<sup>134</sup> Lead-based paint Hazards control Program Transition Implementation Plan.

## Annual Savings & Investment Needed

Filling vacant positions will cost \$225,000 (see table below).

Recommended Grant Funded Positions	
Position	Recommended Salary <sup>135</sup>
Loan Advisor	\$30,000
Labor/Davis-Bacon Monitor	\$40,000
Asset Manager/Housing Coordinator	\$40,000
Social Service Coordinator	\$40,000
Combined Position <ul style="list-style-type: none"> <li>Lead-Based Paint Coordinator</li> <li>Relocation Officer</li> <li>Housing Inspector/Safe Work Practices Monitor</li> <li>Risk Assessor</li> </ul>	\$45,000
Benefits	\$30,000
<b>TOTAL COST</b>	<b>\$225,000</b>

Costs associated with hiring these staff members do not need to come from the City's budget. Instead, HEDC could utilize unused block grant administrative funds. HEDC has some CDBG and HOME administration funds available for this purpose. Even after these costs have been taken out, HEDC will have \$17,864 remaining in administration funds (see table below).

Unallocated Grant Funds at HEDC	
Grants Types	Unallocated Grant Admin Funds
CDBG Admin Available at HEDC	\$85,072
HOME Admin Available at HEDC	\$157,792
Total Available Administrative Funds at HEDC	<b>\$242,864</b>
Less – Projected Investment Needed (from above)	\$225,000
<b>Unallocated Grant Funds Remaining</b>	<b>\$17,864</b>

<sup>135</sup> City of Jersey City's Transition Implementation Plan

## Jersey City Redevelopment Agency

Key Facts	
<b>Budget</b>	<b>Employees</b>
\$41,901,567 – FY 2000 Adopted Budget	12 employees – FY 2000
\$20,177,910 – FY 2001 Mayor's Budget	12 employees – FY 2001
<b>Primary Functions</b>	
<ul style="list-style-type: none"><li>• Real estate redevelopment</li><li>• Real estate acquisition</li><li>• Real estate assembly</li><li>• Condemnation</li><li>• Demolition</li><li>• Tenant Relocation</li></ul>	

### Description

Jersey City Redevelopment Agency (JCRA) is a non-elected public agency created to implement redevelopment plans and carry out redevelopment projects in Jersey City. JCRA has a Board of Commissioners with seven appointed members. The Mayor appoints six of the seven commissioners who in turn serve staggered terms so that the same mayor does not appoint all commissioners. Of the seven commissioners, at least one must be a City Council member. The day to day operations of JCRA are run by an Executive Director who is not a civil servant and is also appointed by the Mayor.

Initially known as the Redevelopment Authority, HUD shut JCRA down in the early 1990s for failure to comply with single audit accounting principals. During that time, HUD allowed the City to create the Division of Redevelopment to keep projects going and all personnel were transferred to the City. After five years, problems were resolved and HUD lifted the sanctions.

### Powers and Responsibilities

JCRA's primary functions include real estate acquisition, land assembly and redevelopment. In addition, JCRA has condemnation, demolition and tenant relocation responsibilities. The City has the right of *eminent domain*, but only for pure public purposes such as firehouses or parks. Redevelopment is considered a public purpose giving JCRA the right of *eminent domain* to condemn property for projects, but only in redevelopment areas.

According to State law, Jersey City has the authority to declare an area to be a Redevelopment Area. JCRA becomes involved if it is determined that the majority of buildings or land in that area displays one of the following conditions:

- buildings are substandard, unsafe or unsanitary
- buildings previously used for commercial, manufacturing, or industrial purposes have been abandoned
- public or vacant land, unimproved for the 10 years prior to the adoption of the State statute, exists and is unlikely to be privately developed

- areas with buildings that are detrimental to the safety, health, morals, or welfare of the community
- areas where there is an increasing lack of proper land utilization that is potentially useful and valuable for serving and contributing to public health, safety and welfare
- areas in excess of five contiguous acres that have been destroyed by natural or man-made disasters so that the aggregate assessed value of the area has materially depreciated
- any area that has already been designated as an Urban Enterprise Zone (UEZ)

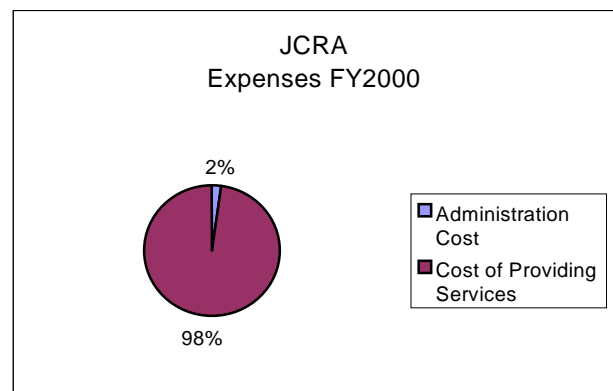
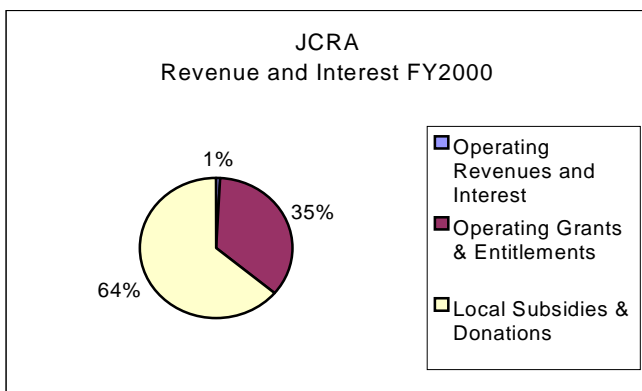
Redevelopment areas are designated as such by the City Planning Department which is responsible for drafting a redevelopment plan that is submitted to and approved by the City Council. Priority for targeting an area for redevelopment is driven either by a private developer expressing an interest or by the Division of City Planning and/or JCRA identifying a neighborhood deteriorating because of disinvestment. Once a need for redevelopment has been established, JCRA chooses real estate by sector or by land use and can proactively intervene with or without a developer in hand. There are 60 redevelopment areas in Jersey City covering 55% of the land area.

### Budget and Finances

JCRA's budget for FY 2000 was \$41,901,567, which was funded in large part by grants. The City receives CDBG grants of which 50% must be used for public services. Of the public service funds, 20% are reserved for administrative costs, 70% are for low and moderate-income housing and the remainder are split between other eligible purposes. JCRA receives almost half of the CDBG administrative funds, as well as a large percentage of grants for low and moderate-income housing, and slums and blight.

JCRA's administrative costs not covered by grants are made up for by revenue streams from bonds, leases and user fees, and by interest earning accounts. JCRA earns interest on developer's administrative fees, good faith down payments, and deposits during the project's early life, before the property is turned over to the developer.

In addition, JCRA receives local subsidies and donations. JCRA received \$26,955,000 in FY2000 and listed \$5,822,326 for the FY2001 proposed budget. The City will sometimes give JCRA real estate or capital to develop a property. An example of this is the \$20 million County Courthouse project, which JCRA will in turn deed back to the City upon completion. JCRA entered into a cooperative agreement with the City to develop the Courthouse. The City issued notes and set up a separate escrow account with instructions to move money to JCRA as needed. The City Administrator, the Law Department and others have a seven to eight day grace period to stop these payments. JCRA does not receive general revenue from the City.



## Operations

JCRA is an integral part of Jersey City's redevelopment operation. It performs as a subcontractor for the City and for private developers. JCRA has the statutory ability to select a developer without bidding the project and without having to consider the value of the lien on the estate or property.

JCRA has the right to buy real estate from the City for *nominal consideration*, whereas the City must obtain fair market value from other purchasers of real estate. In addition to this ability to acquire property from the City, JCRA has eminent domain rights (subject to City Council approval) as mentioned previously. As a result, JCRA currently owns 171 parcels of land all over the City valued at over \$42 million dollars.<sup>136</sup> The City holds on to property an average of two and one-half years. Generally, it takes JCRA one year to get a project going and another year to assemble the property and other related activities.

JCRA chooses property for acquisition based on the Planning Department's redevelopment maps, staff recommendations and development needs. JCRA condemns land when necessary and submits an estimate of property value to the court. Land values are constantly changing, so true costs are difficult to estimate. JCRA uses current tax assessment numbers to value land as per instructions from Jersey City's auditor, but JCRA may significantly alter the real estate. As a result, the actual cost of the land to JCRA may not be the same as the City's current assessment.

JCRA specializes in buying and selling real estate for private development by entering into public-private partnerships. Initially, a developer approaches JCRA with a potential project. If the developer's proposal is consistent with the City's redevelopment plans, JCRA may decide to pursue the project.<sup>137</sup> JCRA negotiates a developer agreement, which generally involves administrative fees and a good faith down payment. In addition, the developer pays JCRA 10% of the value of the project up front if the project requires property assemblage.

JCRA's contribution to development projects is usually its ability to assemble land, to contribute property to the project and to make property upgrades. Property assemblage often requires a title search to insure marketable titles for the property in question. JCRA contracts out to three or four different title agencies for binder and title policies at \$150 per title search. JCRA relies on the title agency to identify the owner of a property so that when JCRA is ready to sell to a developer they have a good and insurable title. Developers pay soft costs up front for lien and title searches.

JCRA also often must use its condemnation power to assemble the land. In these cases, the developers usually pay for property up front. Both the cash and the property may remain on JCRA's books until project completion, at which time JCRA may sell the property back to the developer for \$1.00.

JCRA often contributes to the projects by providing property upgrades such as paving of streets, laying of water lines, and making other infrastructure improvements such as providing utilities to the site. JCRA usually puts this construction work out to public bid.

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<sup>136</sup> JCRA Property Inventory provided by JCRA to Andersen, February 7, 2001.

<sup>137</sup> Obviously, JCRA may need to work with the developer to modify the plan, if the City Council requires, before finalizing a contract.

In addition to its traditional development operations, JCRA is also charged with the development and operation of community centers in Jersey City. JCRA owns the land under and manages newly constructed Community Educational and Recreational Centers (CERC). The CERCs are multipurpose community based facilities, owned by JCRA and funded through the issuance of debt by the City of Jersey City. The current administration, as part of a *Quality of Life Policy* initiative, committed to building a community center in each Ward and charged JCRA with implementation. The City tasked JCRA with building the CERCs to take advantage of JCRA's unique ability to bond, to solicit and to hire private developers without public bid, and to move quickly. Normally the bid, planning and building process from inception to completion would take years, a stark contrast to JCRA's ability to get community centers up and operating within months.

The first CERC was built in Ward E. JCRA operates all aspects of the CERCs, including lease management, facility maintenance, and event coordination. Initially, JCRA looked to the City to provide a full-time site manager, but the City was unable or unwilling to fund such a position. Instead, the City provides personnel to cover City sponsored events only. JCRA compared current operating costs to those of hiring a private real estate property manager, but rejected this option when the private sector asked for 12% of the gross income plus costs.<sup>138</sup> JCRA employs a facility manager who is responsible for daily facility operations, maintenance and coordination of users.

## Findings

Generally, JCRA seems to be run efficiently and professionally. While there may be some policy questions about the City's choice of projects, JCRA seem to have their financial and operational house in order. There are two major areas of concern about JCRA's operations that we would like to address.

- JCRA's development and operation of community centers; and
- JCRA's land banking policies

## Community Centers

The community centers are designed as independent revenue generating enterprises. The facility business plan for each community center is based on receiving revenue from various for profit and non-profit organizations for use of the facility to pay for debt service and to subsidize the operational costs of offering the space free to certain categories of community based users. The CERCs house gyms that are available to the community at the rate of \$25.00 per 1/2 gym and to others at \$50 per hour. The facility manager also acts as the event coordinator.

The CERC program is one of the Mayor's primary initiatives. While the stated purpose is to provide community facilities in each Ward of the City, it seems clear that an equally important rationale for the development of the centers is the creation of charter schools in the centers. The centers' primary tenants are charter schools. For example, the primary and only tenant of the CERC in Ward E is the Golden Gate Charter School.

Traditionally, cities build schools and developers build houses. The City prefers an overall approach to redevelopment wherein a developer may win a housing development project that includes building schools and firehouses. CERCs were funded by CDBG grants, private developers and debt issuance.<sup>139</sup> Jersey City built the charter schools to New

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<sup>138</sup> This estimate comes from an interview with JCRA's Director.

<sup>139</sup> HUD regulations allow CDBG grants to be spent on charter schools if the majority of the population served is low and moderate income. New Jersey State Law also allows public money to be spent on Charter Schools.

Jersey Board of Education specifications so that in the event that the new Abbott School State Fund Legislation were rescinded, the charter schools could be converted to public schools.

There are currently two existing community centers that house CERCs with a third opening this Spring. We initially were concerned that money from the Jersey City general fund (through appropriations to the JCRA) was funding these schools. However, we found that except for the risk associated to Jersey City from issuing the debt, the community centers housing charter schools are net revenue generators for JCRA.

#### *Edison School*

The Edison School operates in the Schaumburg Community Center. This facility was built with the primary purpose being the creation of a charter school; the community center function is secondary. The arrangement for this deal was that JCRA entered into a Ground Lease with Edison Schools. The terms of the lease are for five years and Edison has seven options of five years each. The rent for the land is \$3,000/month, with the rent increasing over time. Edison also pays for the construction and maintenance of the building, the costs of utilities, the taxes and other expenses on the building.

Overall, this appears to be a reasonable transaction for the City from a financial perspective. The City acquires a functioning community center and charter school for no upfront cost except the land. In addition, the City receives a small income stream into the future. Our major concern is what might happen if the Edison School fails. In that event, the City would face loss of payments on the debt if it is not able to entice another tenant to the project.

#### *Golden Door Charter School*

Golden Door Charter School was the first charter school to open and is located in the Ward E Community Center. This community center was built by JCRA with bond proceeds and is often referred to as "BETZ" after the brewery that once occupied the property during and after Prohibition. The property is partially leased out to the Golden Door Charter School. This community center has a business plan that seems reasonable and it is in fact operating with a positive cash flow of nearly \$200,000 per year.<sup>140</sup> According to a capital reserve study done for the facility by Becht Engineering, there are adequate capital reserves put aside regularly to provide for expected capital repairs over time.<sup>141</sup> Once again, the biggest risk in this endeavor is that the Golden Door Charter School will fail, leaving Jersey City taxpayers will cover costs if another tenant cannot be found.

Our remaining concern about the community centers is that JCRA, a development agency, has found itself now in the business of operating and providing programming for community facilities, an area in which JCRA admittedly has no expertise. The logical step would be to move the operations of these facilities to the Recreation Department. The problem with this is that Recreation may not have the resources to manage the properties. If this is the solution that JCRA proposes, they will have to reimburse Recreation for the costs incurred.

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<sup>140</sup> Independent Accountant's Report on the Ward E Community Center, dated November 28, 2000

<sup>141</sup> In fact, this is a better practice than most other Jersey City operations, which do not have any capital reserves or capital improvement plans.

### **Property Management and Land Banking**

JCRA reserves land when they are assembling in anticipation of a redevelopment project and currently has an inventory of 171 properties that have a total assessed value of \$42 million. JCRA acquires these properties either from the City's inventory or from purchase or eminent domain. JCRA is responsible for managing and maintaining the property during the length of ownership and appears to handle this responsibility in a passive manner. Essentially, JCRA simply responds to tickets from other City agencies for code violations on their unused property. In cases where construction is imminent, this hands-off approach may make sense. However, if property is to be held for any period of time, it is both dangerous and damaging to the surrounding community to allow JCRA-owned property to become unsightly.<sup>142</sup>

JCRA does not always intend to sell the properties it acquires to developers. It sometimes will retain an equity position in real estate deals that it finances. In these situations, the City leases with options, in order to own and maintain properties for policy, strategic or economic reasons such as guarding against recession. Properties where the City has a substantial financial investment and cannot risk foreclosure are usually retained. Martin Luther King Shopping Center (MLK) is an example of a property in which the City has a substantial investment, the deed for which will return to the City in the event of commercial failure. MLK cost \$18 million to complete (\$2 million was provided by CDBG and the City provided the remaining \$16 million). The City leased part of MLK to the United States Post Office, part to EDC and sold the remainder. JCRA also will continue to own property at Schaumburg Charter school and the soon-to-open Liberty Charter School.

### **Detailed Recommendations**

- JCRA1 - Implement New Property Review Process and Sell Excess Property
- JCRA2 - Transfer the Community Center's Event Coordination to the Department of Recreation and Cultural Affairs
- JCRA3 - Supplement Staff or Recruit Volunteers to Run Community Centers
- JCRA4 - Eliminate One Messenger Position

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<sup>142</sup> These properties where the weeds are not cut often become neighborhood junkyards and homes to substantial criminal activity which can undermine the development of a community that JCRA is trying to foster.

## **JCRA1 - Implement New Property Review Process and Sell Excess Property**

JCRA regularly acquires property from the City and others to facilitate development in Jersey City. JCRA has built up an inventory of over 171 parcels with an assessed value of \$42 million. JCRA should go through a review process similar to the one we recommend for the City (see recommendation RE2 – Reduce the Number of Surplus Properties Withheld from Sale) to determine which of these properties can be sold. Such a review and sale could generate millions of dollars for JCRA if this land is not already in development.

## JCRA2 - Transfer the Community Center's Event Coordination to the Department of Recreation and Cultural Affairs

### Description

JCRA is not maximizing the Community Educational and Recreational Center (CERC) facilities. On one level, CERC usage depends on the design and capacity of each building. The CERC's designs differ and are based on the community's impression of need at the time of the project's inception. For example, in Ward F early childhood care and recreational space was considered a priority, yet Ward B focused on senior care. The CERC in Ward E includes a full size gymnasium, which seats 550 while in Ward B the gymnasium seats 50. Phase I of the CERC in Ward F, did not include a gymnasium, but there is discussion of adding one in Phase II. The CERC in Ward E has a full kitchen while a number of the other Wards have pantries with warming capabilities which would render them unsuitable for banquets. Ward E has an outdoor playground. While, the first floor in Ward F's CERC is built to Board of Education (BOE) specifications with the expressed intention of lease or sale to the BOE, the community hopes also to attract vendors to provide computer training and other professional courses.

On another level, CERC usage depends on the site manager's ability to market the facility. JCRA rents the CERC's classrooms, gymnasiums and kitchens on a reactive rather than proactive basis. JCRA does not have a process or mechanism in place for reaching out to the local community, businesses and non-profits to inform them of the CERC's facilities. For example, current usage (see table for examples of fee based usage) at the Ward E CERC includes:

- theater rehearsals
- community meetings
- recreational basketball
- recreational soccer
- bible studies groups
- dance classes
- martial arts instruction
- family parties

But, the Community Centers are designed to be fully operational from 7 a.m. to 10 p.m., and Ward E with the most extensive facilities is currently only booked from 6 p.m. to 8:30 p.m. CERC daily activities are outside of JCRA's core services and they currently do not have the capacity to coordinate events, to sponsor programs, or to advertise facilities. The community center facilities could be better utilized if coordinated with and by the Department of Recreation and Cultural Affairs in conjunction with the Division of Recreation's program planning arm which does focus on the issues mentioned previously that JCRA does not.

### Recommended Changes

The Jersey City Redevelopment Agency should transfer the Community Center's Event Coordination to the Department of Recreation.

## Rationale

Although, local usage depends on the design and capacity of each facility, the Department of Recreation and Cultural Affairs could help market the CERCs and add to their activities filling in time slots not currently used. JCRA does not have the capacity to sponsor events, but the Department of Recreation and Cultural Affairs does. Currently JCRA does not have a marketing capability, but the Department of Recreation and Cultural Affairs has a professional public relations plan. The Department of Recreation and Cultural Affairs's marketing campaign includes an events-calendar, among other creative advertisements, which appears in local newspapers and on the sides of local buses. One of the recommendations in this report is to allow the Department of Recreation and Cultural Affairs to fill the currently vacant publicity coordinator position.

If JCRA and the Department of Recreation and Cultural Affairs work together to create a consistent policy the cost of providing neighborhood access to Jersey City recreational facilities could be offset by charging corporate and other non-community customers users fees. For example, they could go after businesses that are increasing their corporate presence in Jersey City such as Chase Manhattan, Goldman Sachs, and Charles Schwab to rent a gymnasium for corporate basketball at \$75 per hour. These same corporations could be charged for use of Jersey City ball fields for summer softball and other sports where currently no fee is charged. The City could schedule corporate use of the facilities for ten months out of the year, at hours that would not conflict with after-school or summer programs.

Citywide events programming is fragmented and needs improvement. Events planning coordination is within the scope of and therefore should be housed in the Department of Recreation and Cultural Affairs. Senior citizen programming should be transferred to the Department of Recreation and Cultural Affairs as recommended elsewhere in this report. Efficiencies can only be reached by having one single events coordinator for buses, facilities and inter-governmental communication including between City Departments, the County and the State. Senior Programs currently use Recreation buses and could use CERC facilities such as kitchens for programs that provide lunches for senior citizens. Senior citizens could work as CERC site managers as suggested in the Hire or Recruit Volunteers to Staff Community Centers Recommendation to follow. The Senior Services Coordinator has a database of senior organizations that she regularly uses to advertise upcoming programs. It is not unlikely that a number of these organizations might be interested in renting CERC facilities for their programs. These are a few of the efficiencies that could be realized through better coordination of events programming.

## Revenue Increase: \$20,000

The table on the following page shows the current revenues derived from the Betz CERC. We believe that these fees have the potential to increase considerably. The current director contents that even before transferring the Betz events coordinator function to the Department of Recreation, JCRA could generate \$10,000 in extra revenue next year and an additional \$10,000 in the year after.<sup>143</sup> This would result in a conservative estimate of annual increase of around \$20,000. Further, as JCRA completes construction on new community centers, the potential for revenue enhancement multiplies.

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<sup>143</sup> From interview December 9, 2000 with JCRA Director. The Director estimated potential revenues based on available facilities and personnel to proactively solicit users.

BETZ CERC Fees and Commissions September 1, 1999 - August 31, 2000 <sup>144</sup>	
Facility	Fee
St Anthony High School	\$6,500
Youth Soccer	\$600
Hudson Repertory Dance	\$5,000
Solar International	\$1,812.50
Adonai Temple	\$700
NY Naginata Club	\$250
Footprints	\$1,120
Mussadiq Kamal	\$250
Muhammad A. Sharif	\$250
Park Hamilton Condo Association	\$75
Logomania, Inc.	\$500
Kapatiran USA	\$2,870
JC Recreation	\$900
Williams Taekwando	\$320
J.A. Josue	\$200
Luis Soto	\$400
Aspira Summer Education Camp	\$9,000
<b>Fee Total</b>	<b>\$31,247.50</b>
Pepsi Commission	\$2,268
<b>Total Current Income</b>	<b>\$33,515.50</b>

<sup>144</sup> CERC Fees and Commission September 1, 1999 through August 31, 2000 provided by JCRA.

## JCRA3- Supplement Staff or Recruit Volunteers to Run Community Centers

### Description

Jersey City, through JCRA, plans to build community centers (CERCs) in each Ward, with two planned for FY2001 and another three planned in the near future. Each one of these facilities will require dedicated staff to open and close the facilities, plan programming, and coordinate maintenance, repairs and security when necessary. Full time coverage at one community center requires a minimum of 1.5 Full Time Equivalents (FTEs), but two FTEs are really needed. In the existing community centers, if the one person assigned is unavailable there is no one to cover the hours.

JCRA has neither the manpower nor the recreation expertise to cover the current facilities adequately. JCRA has two employees with unrelated job descriptions who also act as managers for these centers. If that person is unavailable for this task, there is no one to fill his or her place. For example, in the Ward E CERC, JCRA must provide coverage before, during and after each event. Currently, one of JCRA's Project Managers covers half the hours and an hourly employee the other half for the facility.<sup>145</sup> The JCRA project manager performing this task is a full-time qualified engineer on staff at JCRA. Opening and closing a community center does not require the skill level and subsequent costs of a licensed Engineer.

### Recommended Changes

Jersey City should explore hiring staff (to the extent that human resources are not available in City operations) or having senior citizen volunteers manage the CERCs to reduce the amount of time that professional staff at JCRA are required to devote to the projects.<sup>146</sup>

### Rationale

Future community centers will require additional personnel. It is outside JCRA's core services to act as site-managers. JCRA employees are overqualified and too costly to continue to perform this service. Furthermore, JCRA does not have the manpower to fill future needs.

The CERCs are neighborhood facilities by definition. Neighborhood residents could become more involved in the CERC's daily operations. Neighborhood assistance with the community centers would serve multiple purposes including potentially increasing CERC's marketing, while providing jobs and other social service benefits to the community. The Department of Health and Human Services' (DHHS) Office of Senior Affairs currently interacts with approximately 80 individual senior groups operating in Jersey City, all of whom

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<sup>145</sup> JCRA's part-time employee earns fifteen dollars per hour. He works approximately 750 hours per year. Therefore, he earns approximately \$10,500-11,000 per year.

<sup>146</sup> A seasonal employee filling this position would earn ten dollars per hour based on an interview with the Director of the Department of Recreation and Cultural Affairs. Therefore, replacing the part-time employee with a seasonal would save the City a minimum of \$3000 per CERC. The actual savings would be much higher because we have not figured in the savings that would be generated by replacing JCRA's Project Manager with a Seasonal employee. Further savings would be realized for each hour covered by a volunteer.

are potential CERC customers and word-of-mouth advertisers. Community Centers offer a perfect opportunity to hire non-civil service workers, who do not require a high salary or benefits. JCRA is legally responsible for maintaining the facilities, but they could outsource the receptionist/site manager function. There are a number of *irregular workers* who could perform these tasks at a lower cost to the City.

Healthy senior citizens with set incomes and Medicaid benefits are perfect candidates to work part-time to earn extra money while enjoying the company of their neighbors. In addition, part-time work at a community center allows seniors an opportunity to continue to serve as productive members of society contributing to the community. The location of some of the CERCs may serve as convenient since the Ward F CERC/Golden Door Charter School is located across the street from a senior citizen facility and the Ward B CERC was built to accommodate adult, as well as child day-care. Senior programs currently offer intergenerational activities, a concept that works to the benefit of all participants. Non-working mothers with small children at home are another segment of the population well suited for part-time work in their neighborhoods. Another approach would be to coordinate with neighborhood and other non-profit organizations.

### **Cost Increase**

While there are some additional costs associated with this recommendation, these costs should be incorporated in the business plan of each CERC. While the total costs are unclear due to the fact that some of these services will be volunteered and others will be low wage jobs, we believe that the final cost total will be a rather small amount. Moreover, JCRA does not breakdown the salary of the Project Manager, who currently staffs the Betz CERC, into hours and costs attributed to this activity. We are convinced that the total cost of staffing the CERCs with other city employees, seasonal workers or volunteers will be lower than with JCRA staff and higher paid part-time workers

## JCRA4 - Eliminate One Messenger Position

### Description

There are two messenger positions at JCRA. This is not an unusual practice in Jersey City, as most of the City Departments also utilize in-house messengers. The messengers deliver letters and/or other materials from JCRA to other City buildings. Given the nature of JCRA's work it is possible that the messengers may also make deliveries to private developers or businesses as needed.

Although there is a need for some deliveries, there is not a large enough demand for such service as to require two messengers. Often, there is not enough work to do in any given day to keep both messengers busy.

### Recommended Changes

JCRA should eliminate one of the two messenger positions in the short term. JCRA should explore the possibility of merging with the City's new delivery system (upon implementation of PUR5 – Outsource Courier Services) in the long term.

### Rationale

There is certainly a need for some delivery services within JCRA. There is not, however, an adequate amount of work to sufficiently employ two full-time messengers. One full-time messenger will certainly be able to handle the daily delivery workload.

If the City implements the delivery service recommendations found in this report, JCRA should consider the possibility of entering into a cooperative agreement with the City for delivery services to achieve economies of scale.

**Annual Cost Savings: \$31,000**

**Staffing Change: Down 1**

Fiscal Implications		
Cost	Current	Recommended
Salary	\$25,000	
Benefits <sup>147</sup>	\$6,000	
<b>TOTAL COSTS</b>	<b>\$31,000</b>	<b>\$0</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$31,000</b>

<sup>147</sup> Average benefits for all City employees is \$6,000

## Jersey City Incinerator Authority

Key Facts	
<b>Budget</b>	<b>Employees</b>
\$26.6 million – FY 2000 (\$16.5m paid by City)	138 employees – FY 1999
\$28.4 million – FY 2001 Proposed Budget	134 employees – FY 2000
<b>Primary Functions</b>	
<ul style="list-style-type: none"><li>• Oversee Solid Waste Collection and Disposal Contract</li><li>• Oversee Recycling Collection and Disposal Contract</li><li>• Provide Demolition Services</li><li>• Provide Street Sweeping Services</li><li>• Manage the Jersey City Car Impound Lot</li><li>• Provide for Snow Removal from Roadways</li></ul>	

### Description

The Jersey City Incinerator Authority (JCIA) was originally created to build and operate an incinerator as part of Jersey City's efforts to deal with municipal waste. However, no incinerator was ever fully built, and the JCIA of today is a quasi-independent City agency responsible primarily for waste management, snow removal and a host of cleaning and public safety related tasks. For FY 2001, JCIA expects to receive \$26 million from the City of Jersey City to provide these services and raise a supplemental \$2.4 million through generated fees.<sup>148</sup>

JCIA's key functions include the following:

- Managing the negotiation and administration of a solid waste and recycling contract that averages upwards of \$16 million per year
- Providing demolition and property maintenance services to other City agencies
- Managing the street sweeping operation
- Providing trash containers to agencies, non-profits and citizen groups
- Removing graffiti from public and private buildings
- Enforcing trash-related ordinances
- Operating the Jersey City Car Impound Lot (known as the Car Pound)
- Pulling employees from various functions to participate in clearing primary and secondary roads during snowstorms of less than 4 inches

JCIA is essentially divided into two areas: Administration and Operations. Operations employs approximately 65 people including two high level managers, five division managers, eight foremen, and fifty laborers in various grades. Included in this Division are functions such as graffiti removal (which is provided free of charge to any one who requests it), property maintenance (which is usually requested by other City agencies such as HEDC

<sup>148</sup> Fee generating services in FY 2001 Budget: Demolition (\$700,000), Car Pound (\$950,000), Recycling (\$326,000), Container Service for Medical Center and Housing Authority (\$252,500), Garage Rental (\$90,000) and Interest Income (\$91,000).

or JCRA), street sweeping, demolition, and container service (which provides bulk trash removal for a fee to a few private businesses and free of charge to non-profits, City agencies and community groups). Administration employs approximately 67 people including the Executive Director, seven lower level managers, two foremen, and over 55 workers. This Division includes the Executive Office (comprised of the finance operation, dispatch, solid waste contract administration, and human resources) and functions such as facility maintenance, automotive services (which maintains JCIA's fleet of 125 vehicles), environmental compliance and the Car Pound.

Over the years, JCIA has increased its range and number of functions. In 1982 and 1990, JCIA took over a number of maintenance functions and associated employees from the Department of Public Works. In 1994, operation of the Car Pound was moved to JCIA from the Police Department after a corruption scandal forced a total reorganization and civilianization of a portion of the Car Pound operations.

## Findings

JCIA is very well run compared to many of the other City agencies involved in our review. There is a clear line of command within divisions and a reasonable ratio of managers to staff. Turn-around time on requests outside of normal day-to-day operations appears to be quick and most tasks seem to be performed efficiently despite a lack of performance measurement or customer surveying efforts.

Top management at JCIA is very responsive to specific questioning and knowledgeable about intricacies of budgeting versus actual expenditures, organizational design and general decision-making methods. During our review, JCIA provided informative and useful management and financial reports, which JCIA appears to utilize as planning and management tools on a continuing basis. JCIA appears to treat and pay employees very well as most have been with the Authority for at least ten years and wages for management and laborers are significantly higher than those paid for similar workers, for example, at the Department of Public Works.

At times JCIA goes above and beyond the call of duty - or beyond its resources - in its attempts to meet and surpass the needs of Jersey City residents. The organization furnishes a number of services free of charge that are expensive to provide and not within the realm of common city service provision. For example, JCIA removes graffiti for free from private residences and will even repaint the surface if the home- or business-owner provides the paint; JCIA also provides large, roll-off containers free of charge to churches, non-profits and neighborhood groups and makes no attempt to recoup disposal fees.

In other cases, JCIA furnishes services more often than surrounding or similar cities. For example, street sweepers pass through residential areas twice per week at great expense to Jersey City while other cities routinely perform this service only half as often.<sup>149</sup>

JCIA continues to provide other services (such as demolition, inspection and property maintenance, for example) at a monetary loss despite the existence of either a thriving private sector market against which JCIA often unsuccessfully bids for jobs or the routine provision of similar services by other City agencies. When JCIA provides these services on behalf of other City agencies, more often than not there is no charge-back of the cost of the

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<sup>149</sup> Hoboken, Newark, Brooklyn NY, Washington DC, Oakland, and Boston sweep most residential areas only once per week.

service to the requesting agency's budget. Therefore, hidden in the JCIA budget are some of the costs of other agencies' functions.

Finally, JCIA seems to stockpile workers and supplies throughout the year in order to ensure full preparedness for snow emergencies. When a moderate snowstorm occurs, all workers are pulled from other jobs and assigned to road clearing efforts. The fragmentation of snow removal efforts across the City, lack of interagency communication and cooperation, and the tendency toward kingdom-building at JCIA (and other agencies) likely leads to an oversupply of workers and ultimately the provision of services by JCIA that could otherwise be outsourced. This issue is addressed in more detail in the CC2 – Overhaul Snow Removal and is the focus of an overall finding throughout Jersey City addressed earlier in this report.

### **Detailed Recommendations**

- JCIA1 - Outsource Demolition
- JCIA2 - Outsource Property Maintenance
- JCIA3 - Charge Fees for Container Service
- JCIA4 - Downsize the Graffiti Program and Charge Fees for Service
- JCIA5 - Increase Cap Pound Capacity and Use

## JCIA1 - Outsource Demolition Function

### Description

The Department of Demolition at JCIA performs scheduled and emergency demolition services as requested by the Jersey City Building, Engineering, Police, and Fire Departments, the Real Estate Division, and Office of Emergency Management. The Department of Demolition demolishes approximately 35 dwellings per year, and occasionally JCIA wins a large scale City project through the normal bidding process. JCIA leases some of the equipment required for this function from the private sector, and occasionally bids out entire projects to private demolition companies. JCIA employs six workers for the demolition function and these workers are reassigned to snow removal when needed.

### Recommended Changes

Outsource the demolition function to existing private contractors who currently underbid JCIA for City demolition projects.

### Rationale

There are four reasons why the demolition function should be outsourced.

- A good deal of the demolition work JCIA currently does is already outsourced or done in conjunction with private sector demolition companies.
- According to reports from JCRA, there are numerous private sector demolition companies willing and able to do this type of work for the City. In fact, these companies often underbid JCIA for private demolition work.
- It is very expensive for JCIA to maintain the demolition capability and there is little evidence that JCIA could provide this service without an expensive investment in equipment and high operating costs (despite efforts to lease rather than buy expensive equipment).
- Although JCIA is concerned that fully outsourcing demolition would decrease the manpower available for dealing with snow emergencies, we believe that the elimination of fragmentation and inefficiencies in City-wide snow removal efforts would ensure adequate staffing levels to handle snow removal (especially if staff from other agencies were used to supplement this effort). See CC2 – Overhaul Snow Removal Efforts.

### Annual Cost Savings

#### Staffing Changes : Down 6

Jersey City would not fully recover the full \$2.6 million JCIA currently spends on demolition because the City would still need to pay an outside contractor to provide demolition services. Unfortunately, it is difficult for us to assess how much such this service might cost Jersey City as detailed data on the exact number and types of demolitions requested of JCIA was unavailable to us and estimated costs per job range from \$25,000 to \$200,000. However, we do know that outsourcing the demolition function would allow JCIA to save about \$300,000 in salaries and related expenses plus another \$50,000 in equipment and supplies. This is the result of a decrease in staff of six people.

## JCIA2 - Outsource Property Maintenance Function

### Description

JCIA's Division of Property Maintenance keeps approximately 400 City and private lots under City control free from litter, bulk trash and other waste products. The Property Maintenance staff at JCIA consists of 19 people (one supervisor, nine equipment operators, two foreman, and eight laborers), each of whom are assigned to crews. These crews clean a number of lots on a regular basis and others on an emergency basis. Agencies such as the Jersey City Redevelopment Authority, the Office of Constituent Services and the Department of Neighborhood Improvement request these property maintenance services but are rarely charged back by JCIA for the cost of the services. In addition, JCIA reports that the lists of properties cleaned (as requested by City agencies) are not always updated to reflect changes in ownership or maintenance needs.

A similar service is provided by the Department of Public Works, although it appears that DPW performs lighter maintenance tasks such as raking and grass-cutting, while JCIA assists with cleanup of sites with larger trash removal needs (such as tires, appliances, or environmentally dangerous waste products). Employees and equipment from the Property Maintenance function at JCIA are assigned to snow removal efforts as needed.

### Recommended Changes

Outsource the Property Maintenance function to private-sector service providers and bill service-requesting agencies directly for the cost per project.

### Rationale

Poor communication has led to the continued maintenance of City lots that may already have been sold, and the lack of internal accounting controls between City agencies creates little incentive for cost savings or true project-based budgeting. Other agencies have already outsourced similar maintenance efforts (such as DPW's privatization of ball field maintenance) and regular lot-cleaning efforts could be similarly handled. While some of the initial lot-cleaning projects JCIA performs require heavy equipment and large amounts of trash removal, such projects could be handled in bulk by a private entity.

Outsourcing of the property maintenance function could cut JCIA salary, equipment and maintenance costs and ensure that costs associated with maintenance of City and private property are adequately accounted for in the City budget. Although JCIA is concerned that fully outsourcing property maintenance would decrease the manpower available for dealing with snow emergencies, we believe that the elimination of fragmentation and inefficiencies in City-wide snow removal efforts would ensure adequate staffing levels to handle snow removal (especially if staff from other agencies were used to supplement this effort). See CC2 – Overhaul Snow Removal.

## **Annual Cost Savings**

### **Staffing Change: Down 15**

The full \$1.3 million JCIA currently spends in total on property maintenance would not be fully recovered as savings because Jersey City would still need to pay an outside contractor to provide property maintenance services. Unfortunately, it is difficult for us to assess how much this service might cost Jersey City as detailed data on the exact number and types of lots and properties maintained by JCIA was unavailable to us. However, we do know that outsourcing the property maintenance function would allow JCIA to save almost \$1 million in salaries and related expenses plus another \$125,000 in equipment and supplies. This is the result of a decrease in staff of fifteen people.

## JCIA3 - Charge Fees for Container Service

### Description

JCIA's Division of Transfer Container Service offers City residents, private businesses, and City agencies free use of large, metal containers for collection and disposal of bulk trash. JCIA owns 40 containers and utilizes four customized transport trucks. These trucks, known as "roll-off chassis" because the containers simply roll off the back, carry the equivalent of 700 containers-worth of trash (or 25,000 cubic yards) to the disposal site each year. The containers are generally used for three purposes:

- Internal JCIA operations such as Demolition, Street-Sweeping, Property Maintenance and Snow Removal
- Bulk trash service paid for by the Jersey City Medical Center and Jersey City Housing Authority
- Trash collection free of charge for approximately 300 block associations, community groups sponsoring "Cleanup Campaigns," church organizations, non-profits, and City agencies and departments

With a staff of 12 (one manager, ten heavy equipment operators, and one laborer), the Container Division also runs the City Household Hazardous Waste program, which accepts materials such as paints, thinners, and cleaning supplies that are not allowed to be included in regular trash.

### Recommended Changes

Any group that uses JCIA containers should be billed for disposal, storage and transportation of collected waste. JCIA should also reduce staff by two laborers and eliminate one roll-off chassis from its vehicle inventory.

### Rationale

The Container Services should not be offered free of charge to some groups and not others. Although the practice of providing containers to anyone who requests them was likely instituted as a public relations measure and as a means of keeping areas trash free, the high costs of the Container Service make the practice unwise from a budget standpoint. In addition, most cities in the surrounding area do not provide similar, comprehensive service for free.<sup>150</sup> JCIA could move toward financial stability by charging fees of only \$250 per container to the 300 community groups that now receive this service for free.<sup>151</sup> This fee is significantly lower than the prevailing price in the private sector and should not be prohibitive, for example, to resident groups participating in community clean up efforts.

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<sup>150</sup> Neither Bayonne, Union City, Hoboken, New York City nor Newark provide containers for free.

<sup>151</sup> Cooper Brothers (a sanitation company in Newark) rents containers at \$575. We recognize that there may be overriding public benefits associated with JCIA's free container service and that charging fees comparable to the private sector might be prohibitive for some worthy community groups. However, Jersey City may want to encourage clean-up projects, we will assume for purposes of estimating projected savings that it would be reasonable for JCIA to charge a substantially lower fee than the private sector, which we estimated at \$250.

Based on JCIA data on the frequency of container service requests, it appears that the four roll-off trucks each currently make approximately three trips per week.<sup>152</sup> JCIA could increase the number of trips per truck and thereby increase efficiency by decreasing the total number of roll-off trucks to three. If fewer roll-off trucks were used, JCIA would no longer need ten heavy equipment operators and therefore could reduce staff. Together, these recommendations will make the Division of Transfer Container Service a leaner, more efficient and effective operation and help JCIA – and the City – manage its resources better in a financially difficult environment.

**Annual Cost Savings: \$158,044**

**Annual Revenue Increase: \$75,000**

**Staffing Change: Down 2**

The table below shows how decreases in personnel and equipment-related costs coupled with increases in revenue from new container service fees will save money at JCIA.<sup>153</sup>

Spending/Income Levels for the Container Service		
<b>COST</b>	<b>Current</b>	<b>Recommended</b>
Salaries	\$446,305	\$379,127 <sup>154</sup>
Materials/Supplies	\$18,486	\$18,486
Equipment/Parts & Supplies	\$59,582	\$44,686 <sup>155</sup>
Contractual Services	\$24,827	\$24,827
Maintenance Repair Contracts	\$63,123	\$47,342
Equipment Purchases	\$87,896	\$65,922
Undistributed (Health Care, Insurance, Taxes, Pension)	\$238,849	\$200,634 <sup>156</sup>
<b>TOTAL COST</b>	<b>\$939,068</b>	<b>\$781,024</b>
<b>ANNUAL COST SAVING</b>		<b>\$158,044</b>
<b>REVENUE</b>		
Housing Authority Contract	\$90,000	\$90,000
Medical Center	\$162,500	\$162,500
Other Container Rental	\$0	\$75,000 <sup>157</sup>
<b>TOTAL REVENUE</b>	<b>\$252,500</b>	<b>\$327,500</b>
<b>ANNUAL REVENUE INCREASE</b>		<b>\$75,000</b>

<sup>152</sup> This estimate is based on JCIA data showing that 300 containers are disposed of annually using four trucks. Since each container is dropped off and picked up at a site and then taken to the disposal center, we estimate that the roll-off trucks make 600 trips per year, or 150 trips each. Weekly, then, each truck makes approximately 3 trips.

<sup>153</sup> All "Current" data provided by JCIA.

<sup>154</sup> This assumes that staff will be reduced by two laborers, each of whom make on average \$33,589.

<sup>155</sup> This assumes that moving from four trucks to three will reduce costs by 25%. Maintenance and Equipment repair costs are calculated the same way.

<sup>156</sup> This assumes that the cost of providing benefits will be reduced at the same proportion as salaries.

<sup>157</sup> This assumes that JCIA could rent the equivalent 300 containers per year for \$250 per container (because some containers will need to be reserved for existing container contracts and JCIA projects).

## JCIA4 - Downsize the Graffiti Removal Program and Charge Fees for Service

### Description

The Division of Graffiti Removal at JCIA works in partnership with law enforcement, residents and business owners to prevent and remove graffiti from buildings and structures through education and eradication programs. A staff of six people (one manager, one foreman and four equipment operators) uses high-powered, water-based washing equipment and chemical solvents to clean approximately 3,000 public and private locations annually. The Graffiti Division cleans and repaints for free private property that has been vandalized by graffiti; the property owner is only required to sign a release form and provide the paint. JCIA provides this service free of charge despite the existence of Jersey City Code Article 2, Section 242-3, which authorizes the Department of Public Works to offer this service for a fee of up to \$125.

### Recommended Changes

The number of laborers within this Division should be reduced by two to reflect the fact that only one power-washing truck is currently in use. In addition, when private property is vandalized, the owner should be required to comply with existing City ordinances regarding blight and JCIA should provide graffiti removal services only if recompensed by the property owner for the cost of service provision.

### Rationale

Although providing graffiti removal service free of charge to City residents is an admirable undertaking, Jersey City is not in a financial position to justify such an expense. Few local municipalities provide similarly generous services.<sup>158</sup> Additionally, Jersey City Code requires property owners to maintain their own buildings.<sup>159</sup> While certain properties (such as corner buildings) may in fact be more prone to vandalism than others, the cost of dealing with such acts should be capitalized into the value of the property in question, not spread among taxpayers in the form of the Graffiti Division budget.

**Annual Cost Savings: \$100,166**

**Annual Revenue Increase: \$125,000**

**Staffing Change: Down 2**

The table on the next page shows how revenue could be increased and costs saved if this recommendation were implemented.

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<sup>158</sup> Our research shows that Hoboken, NJ leaves the responsibility of removing graffiti in the hands of property owners. Bayonne, NJ does administer a graffiti removal program but only on properties that are susceptible to a chemical wash, they will not repaint properties.

<sup>159</sup> Jersey City Code Article 2, Section 242-3.

Spending/Income Levels for the Graffiti Function		
<b>COST</b>	<b>Current</b>	<b>Recommended</b>
Salaries	\$219,305	\$154,967 <sup>160</sup>
Materials/Supplies	\$8,000	\$8,000
Equipment/Parts & Supplies	\$0	\$0
Contractual Services	\$13,688	\$13,688
Maintenance Repair Contracts	\$0	\$0
Equipment Purchases	\$5,000	\$5,000
Undistributed (Health Care, Insurance, Taxes, Pension)	\$119,424	\$83,596 <sup>161</sup>
<b>TOTAL COST</b>	<b>\$365,417</b>	<b>\$265,251</b>
<b>ANNUAL COST SAVING</b>		<b>\$100,166</b>
<b>Revenue</b>		
Revenue from fees	\$0	\$125,000 <sup>162</sup>
<b>TOTAL REVENUE</b>	<b>\$0</b>	<b>\$125,000</b>
<b>ANNUAL REVENUE INCREASE</b>		<b>\$125,000</b>

<sup>160</sup> This number reflects a staff reduction of two laborers at an average salary of \$32,169.

<sup>161</sup> This number reflects a similar, proportionate reduction in the cost of benefits as the decrease in salaries.

<sup>162</sup> Assumes that one-third (or 1,000) of all episodes of graffiti removed by JCIA (which totals 3,000) occurred on private property and would be subject to the \$125 fee outlined in the Jersey City Statute. Actual data on this service was not available.

## JCIA5 - Increase Car Pound Capacity and Use

### Description

The Jersey City Car Pound, located on Phillip Street near Liberty State Park, is a 7,000-car facility where all cars impounded by the Jersey City Police Department are towed. JCIA has operated the Car Pound since July 1994 and in the past few years has instituted significant positive changes in internal processes and controls. A new computer system now tracks all cars entering and leaving the facility and fees are no longer calculated manually. The Car Pound employs fourteen workers (one director, one manager, five clerks and seven yard attendants).

All revenue at the Car Pound is generated through fees and proceeds from auctions; costs include salaries, payments to the towing companies that drop off the vehicles, and administrative costs. These costs can only be recovered by JCIA in one of two ways: 1) if the owner of the car claims the vehicle and pays the requisite fines; or 2) if a car is not claimed, the car is sold at auction and commands a price high enough to cover the incurred storage and towing costs. The Car Pound often operates at a deficit which is covered by JCIA. Vehicles must be kept for 30 days by law before JCIA may attempt to gain the title and sell the vehicle at auction. At times, State title processing delays result in vehicles remaining at the Car Pound for up to three months. Police investigations can hold vehicles at the Car Pound and often result in even longer stays. In these cases, JCIA may not fully recover all storage and towing costs even after the vehicle is eventually sold at auction.

The Car Pound is often filled to capacity in part because it is located on a relatively small site. Other City agencies whose functions require them to tow vehicles have reported that they do not utilize the Car Pound because of over-crowding issues. Instead, they allow private towers to tow vehicles and collect towing and storage revenue that might otherwise go to JCIA and help make the Car Pound a self-sufficient, if not profitable, enterprise. In addition, it appears that, compared to private towers, the Car Pound often handles vehicles that are less likely to be claimed (and fully paid for) or generate enough revenue at auction to make up for incurred costs. In contrast, the Jersey City Parking Authority, for example, allows illegally parked vehicles to be towed to private lots where turn-around-time on vehicles averages just two days.<sup>163</sup>

### Recommended Changes

#### Increase Auction Frequency

The frequency of auctions should be increased. Last year, ten auctions were held over a twelve-month period from July 1999 to June 2000 with an average income of \$19,000. If JCIA had auctions every three weeks, for example, they would potentially increase revenues and move vehicles out of the Car Pound, making room for new ones.

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<sup>163</sup> Truchan Brothers Towing

### **Move Car Pound to Larger Space**

The Car Pound should not be located at a cramped site on valuable land next to Liberty State Park. This land has been assessed at over \$200,000<sup>164</sup> and is too small for the City's vehicle impoundment needs. The City could increase its capacity to house towed vehicles by moving the Car Pound to a larger space. The City could also generate substantial revenue by selling or developing the current Car Pound lot and then use this revenue to offset costs associated with buying and modifying a new site.<sup>165</sup>

### **Require All City Agencies to Tow Vehicles to the Car Pound**

When the Car Pound is located on a larger site and has capacity to increase the number of vehicles it can hold, the City should require that all vehicles towed on behalf of City agencies and authorities be taken to one place: the Car Pound. This would not only help the Car Pound become self-sufficient, it would make it easier for residents or visitors to find their towed vehicles.

### **Rationale**

The City and JCIA could save money and better utilize valuable resources by increasing auction frequency, moving the Car Pound to a bigger lot, and eventually requiring that all City-impounded vehicles be towed to the same place. The Car Pound currently cannot expand to accommodate new vehicles that might generate needed revenue and offset high costs because it has little room for more vehicles. Increasing auction frequency to turn vehicles over at a faster rate and moving to a bigger lot will increase space availability at the Car Pound, which is crucial the Car Pound's long-term solvency.

Currently, vehicles that are towed for standard parking violations, for example, are taken to a private lot and are usually claimed very quickly, generating money for the private tower and Jersey City Parking Authority with low associated costs. Vehicles towed to the Car Pound, in comparison, are much less likely to be claimed and are often of a quality that does not command a high enough price at auction to cover incurred costs. The City has created a structural problem that results in the Car Pound's inability to cover its costs because it allows more valuable vehicles to be towed to private lots and less valuable vehicles to be towed to the Car Pound. If all vehicles towed on the City's behalf were brought to the same location, it is likely that the fees generated by more valuable, short-stay vehicles or those sold for larger amounts of money at auction could offset the costs incurred to store and/or sell less valuable, unclaimed vehicles.

The Car Pound could increase the number of available spaces on any given day and thereby accommodate the increase in vehicles that would result from a City policy requiring all City-impounded vehicles be towed to the Car Pound, by increasing auction frequency and moving to a larger space. In addition, moving to a new location would leave the existing Car Pound lot free for development. Given its strategic location, the City stands to realize a good deal of revenue from the sale of this land which could be utilized in the purchase and construction of a new Car Pound site.

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<sup>164</sup> A private assessor provided this estimate to HEDC. However, it is possible that the Car Pound lot and the empty lots could in fact be sold for more money given that they are adjacent to Liberty State Park.

<sup>165</sup> In 1997, an engineering firm provided JCIA an estimate for extensive modifications to an existing environmentally damaged five-acre site of \$1,603,000 (excluding lease or purchase of the land). A similar report prepared in 1997 for a 12-acre site estimated those site prep costs to be \$3,659,000.

**Annual Revenue Increase: \$20,000**

Implementing these recommendations may increase revenue at the Car Pound and for the City in a number of ways. First, increasing auctions will free up valuable space, thereby allowing more vehicles to be housed and auctioned off at any given time. If auctions were to occur every three weeks (instead of every five weeks), the number of total auctions would rise over 60%. While it is unlikely that revenues would increase at the same rate, even a small 10% increase in revenue would bring in almost \$20,000. Second, every additional car towed to the Car Pound has the potential to bring in \$30 in towing fees. Although requiring agencies (such as the Parking Authority) to tow to the Car Pound instead of splitting towing fees with private towers would result in decreasing towing revenue at those agencies, savings to the City overall could outweigh those losses. Third, if the Car Pound were moved to a different location, the City could likely sell the existing lot for at least its assessed value.

The difficult part of implementing this recommendation will be deciding where to move the Car Pound and paying costs associated with readying the new site. In order to make moving the Car Pound a fiscally possible venture, however, the City should explore negotiating for special offsetting payments as part of a development deal with buyers interested in the existing Car Pound site.

## Jersey City Parking Authority

Key Facts	
<b>Budget</b>	<b>Employees</b>
\$3.9 million – FY 1999 Budget (\$1.4m paid by City)	120 employees – FY 2000
\$5.2 million – FY 2000 Budget (\$365,250 paid by City)	120 employees – FY 2001
<b>Revenue Generated for City</b>	
<ul style="list-style-type: none"><li>Approximately \$9 million per year (shared by Courts and Parking Authority)</li></ul>	
<b>Primary Functions</b>	
<ul style="list-style-type: none"><li>Enforce Parking City, County and State Ordinances &amp; Laws</li><li>Operate and Maintain Parking Lots and Meters</li><li>Operate Zone and Permit Parking Programs</li></ul>	

### Description

The Jersey City Parking Authority (JCPA) is a quasi-independent agency responsible for the enforcement of parking laws and the management of parking lots and meters throughout the Jersey City. In the past, Jersey City has appropriated as much as \$1.4 million for JCPA, yet the budget for FY2001 reduced that appropriation by over \$1 million.<sup>166</sup> JCPA currently has an operating budget of about \$5 million.

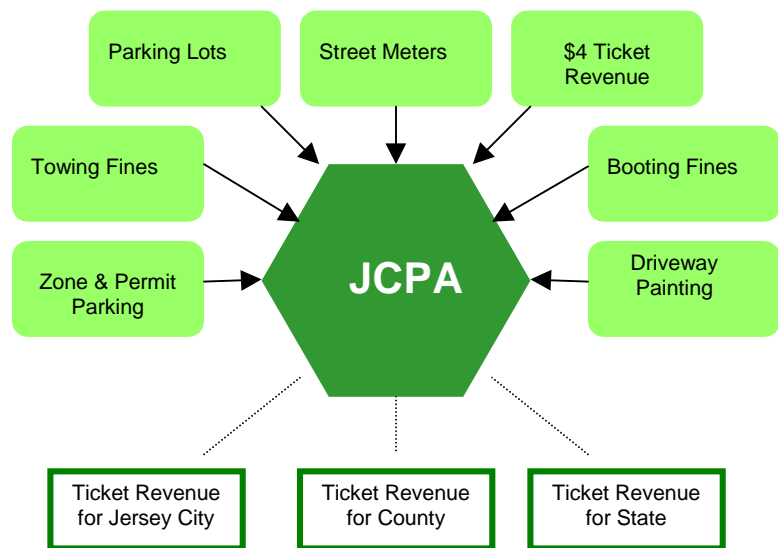
Functions within JCPA are divided among four areas: Administration, Operations, Enforcement and Zone Permit Parking.

- Administration** employs approximately 10-15 people including the Executive Director and his staff, the finance operation staff, a deputy director, and two executive supervisors. This Division is responsible for day-to-day management of JCPA.
- Operations** is responsible for meter maintenance and collection (for 1700 meters Citywide), painting “No Parking” on driveways as requested by residents, and operations support such as fleet maintenance. In addition, Operations manages and maintains 12 parking lots (three are permit lots with 59 spaces total, eight are metered lots with 477 spaces total). Employees in this Division include one director, fourteen lot maintenance/mechanic personnel (who maintain 11 lots and 36 vehicles), six meter collectors (two on each of three collection routes), and six meter repairmen.

<sup>166</sup> Self-generated revenue at JCPA has not made up this difference and monthly deficits have led JCPA to sell capital assets (parking lots) to cover expenses. See Findings section for more information on internal JCPA financial processes and decision-making.

- **Enforcement** is the Division directly responsible for enforcing parking laws and ordinances. This Division is by far the largest in JCPA, with 70 employees consisting of fifteen managers organized in five layers who supervise the remaining 55 employees (Parking Enforcement Officers).
- **Zone Permit Parking** employs eight people to manage the Zone permit office and grant parking permits to City residents and to sell permits to commuters. JCPA also runs a separate Zone or Tandem Parking program which consists of approximately five streets near the waterfront where permits range from \$95-\$125 per month. It is unclear which division manages this program, how permits are issued, or how much money the program generates for JCPA.

The revenue generation process at JCPA is complex (see diagram below). JCPA generates revenue for itself, the City of Jersey City, Hudson County, and the State of New Jersey through a number of methods.



JCPA keeps all revenue generated from its parking lots (about \$464,000 per year), its street meters (about \$1 million per year) and through its Zone and Permit parking programs (about \$592,000 per year). JCPA also keeps the \$50 fine generated each time a vehicle is booted, although JCPA claims to boot only when out-of-town cars are parked illegally in permit parking areas. Income over the past two years from booting has ranged from \$176,000 to \$275,000. The driveway painting service generates between \$7-15,000 per year, all of which also stays within JCPA. JCPA also receives money from the towing process.

When JCPA determines that a vehicle should be towed, the private tower contracted by JCPA to remove the vehicle eventually reimburses JCPA \$31 for each car towed. The towing company also communicates directly with the police, the Municipal Court, and the public to resolve the fines, release the vehicle to its owner, or obtain a title for the vehicle in order to sell it at auction. Towing has brought in about \$30,000 in revenue to JCPA per year on average.

Each parking ticket written by the PEOs for violations of City ordinances generates \$4 for JCPA upon payment while the balance of the fine is earmarked as general City revenue. Over the last few years, this ticket revenue has brought about \$475,000 per year into JCPA. Tickets written for violations of New Jersey Title 39 do not generate such income for JCPA; instead, the City, County and State share this revenue when such tickets are paid in full.

Overall, JCPA ticket writing efforts bring about \$9 million in revenue to the City per year.<sup>167</sup> JCPA claims to have no way to determine at any given time the number of tickets for which it is owed \$4. Instead, once per month the Municipal Court determines the number of non-Title 39 tickets that have been paid in full by violators and asks the Jersey City Business Administrator to deposit \$4 for each ticket into a special City account. The Chief Financial Officer at JCPA then contacts the City to find out the balance in that account, and finally submits a request for payment for the full amount in the account that is due to JCPA.<sup>168</sup>

## Findings

JCPA faces significant financial and management obstacles to operating efficiently and effectively. Despite repeated requests and numerous conversations, JCPA was unable or unwilling to provide up-to-date, reliable financial and operational information including number of employees, salaries, job descriptions, asset management and tracking efforts, employee performance data, or detailed, clear financials. The most recent audit (for the 1998-1999 time period) was released in September, 2000 and raised the following points:

- **Purchasing:** invoices did not match general ledger; there was no managerial control over payments; and there were missing invoices
- **Reconciliation:** bank accounts were not reconciled monthly or yearly with general ledger; the amount of cash in banks is unknown
- **Payroll:** personnel files were not maintained; employees could have been paid improperly or at incorrect rates
- **Fixed Asset Records:** there was no record of fixed assets or procedure for recording additions

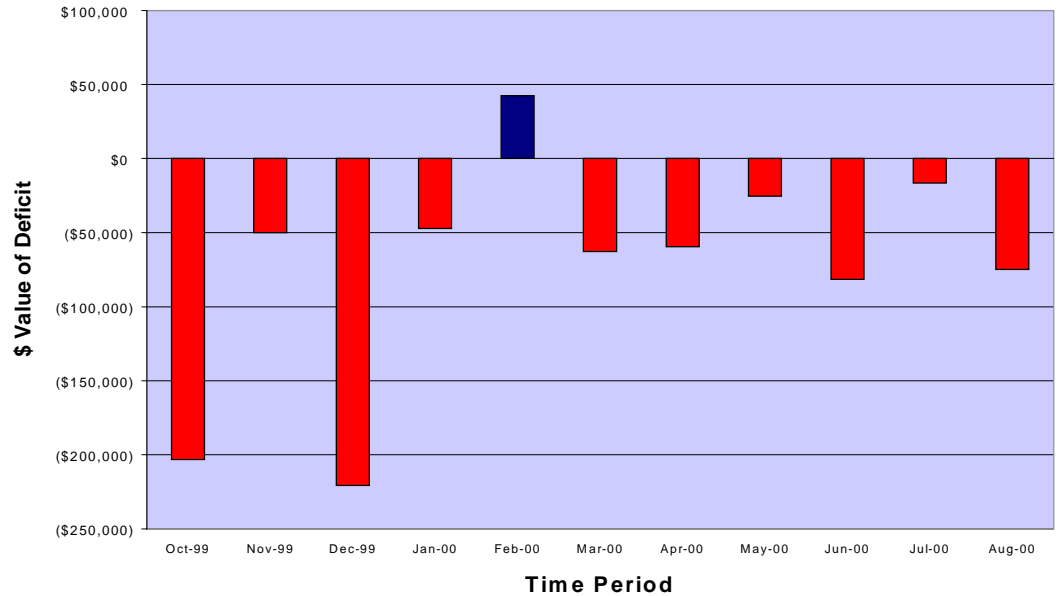
While our work with JCPA was by no means a financial audit, our experience trying to obtain financial information from JCPA and the issues outlined in the audit gave us cause for concern. It is clear from the limited financial information we were given that JCPA is running continuous monthly deficits. For example, from October 1999 to August 2000, JCPA ran an average monthly deficit of \$72,000. At the end of September 2000, JCPA sold one lot for \$1.3 million. Since March 2000, JCPA has sold at least five lots for a total of \$2.1 million. These sales bring the financials into balance but this practice is not indicative of stable financial management. While selling valuable real estate to cover monthly deficits may help the balance sheet in the short term, the long term effects of the lack of careful financial and asset planning could be detrimental. The chart on the next page depicts graphically the monthly operating deficits JCPA faces.

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<sup>167</sup> Title 39 violations include but are not limited to most moving violations, improper parking at a crosswalk, bus stop, driveway, sidewalk, stop sign, fire hydrant, railroad, fire station or other "no parking" area, double parking and loading or unloading for an unreasonable amount of time.

<sup>168</sup> These payments are above and beyond the normal, yearly budget appropriation for JCPA.

### Monthly Operating Deficits 10/99 - 9/00



In addition to financial control problems, JCPA also employs an large number of managers compared to the size of the organization. Within the Division of Enforcement, for example, there are four layers of management for one layer of line staff. There appears to be little effort to track employee performance or reward effectiveness or efficiency. Management supports workers who cannot complete requirements of the job (including proficient use of the hand-held units) and division directors appear to be well removed from the financial performance of their divisions and JCPA as a whole. Overall, poor financial and organizational management can lead to decreased productivity, increased risk for fraud and abuse, and result in decreased revenue and increased costs to JCPA and Jersey City as a whole.<sup>169</sup>

### Detailed Recommendations

- JCPA1 -Implement Financial and Managerial Controls
- JCPA2 -Reduce the Manager to Staff Ratio in Division of Enforcement
- JCPA3 -Outsource the Maintenance and Management of Parking Lots
- JCPA4 -Modify the Parking Enforcement Officer Job Descriptions to Include Electronic Ticketing
- JCPA5 -Modify Towing Process

<sup>169</sup> In addition, although we were not provided with information on JCPA's requests for public bids, we have some concerns regarding procurement procedures. Based on conversations with JCPA staff, we think it is possible that some large purchases may have been made outside of normal purchasing procedures. The details of recent vehicle and computer purchases, especially, deserve closer inspection.

## JCPA1 -Implement Financial and Managerial Controls

### Description

During the course of our work in Jersey City, JCPA was unable or unwilling to provide basic financial information on important activities and resources. However, based on conversations with and review of the limited information provided by the Chief Financial Officer, we found that financial and managerial controls crucial to the normal operation of government entities with multi-million dollar budgets are missing or poorly applied at JCPA.

JCPA appears to have no method for tracking the amount of revenue generated by Parking Enforcement Officers (PEOs), and PEOs have no written performance goals or expectations. Detailed financials produced by the four-person financial staff to guide managerial and program-based decision-making appears to be non-existent. The basic financial information we were given showed JCPA operating a \$70,000 per month deficit.<sup>170</sup>

Management does not seem concerned that JCPA has been running monthly deficits and is facing large reductions in City funding with no increases in internal revenue generation. They have not responded by cutting costs or enhancing revenue. JCPA's practice is to sell property when it needs operating funds. During the 2000 calendar year alone JCPA sold four parking lots with a total of 258 spaces for over \$2.1 million, leaving at least seven lots remaining under JCPA control. Upper management was unable to provide a plan for short and long-term fixed asset management that might help JCPA follow sustainable spending and revenue generation practices. In some cases, JCPA was unable to produce up-to-date lists of critical assets such as vehicles and parking lots. Instead, they provided lists that were notably incomplete and outdated or revealed questionable practices, such as the routine leasing of vehicles for employees whose work should not require them to travel to such an extent that an JCPA car is necessary.

In addition, the same accountant who is kept on monthly retainer to review the agency's books is also listed as the yearly auditor. Yearly audits are routinely issued late. Further, we saw no evidence that JCPA has made any efforts to address outstanding material weaknesses discovered in past audits, such as the lack of monthly bank reconciliations, bill payment and purchasing controls, and measures to protect against irregularities in payroll.

### Recommended Changes

JCPA should implement the following controls:

- Establish documented, internal procedures and ensure that they are followed (such as monthly account reconciliation) to fulfill the stewardship as well as managerial decision-making functions
- Create financial data and integrate into business decision-making process
- Produce accurate and timely quarterly financial statements
- Prepare and implement a fixed asset management plan and tracking system
- Develop a personnel downsizing program and service provision plan to meet the reality of changing revenue streams

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<sup>170</sup> This information was contained in JCPA's FY2000 Treasurers Report

- Outsource payroll management function and build in external hiring and payment oversight
- Develop and implement employee and program performance measurement goals

### **Rationale**

JCPA cannot continue to run monthly deficits or experience serious cutbacks in funding with no corresponding downward shifts in expenses. Eventually, the organization will falter financially. As a public entity entrusted with enforcing local and State laws, providing parking spaces in a growing, bustling urban environment, and generating million of dollars in revenue for a financially struggling City, JCPA simply cannot afford to fail. JCPA could move away from precarious deficit spending, begin to respond positively to internal and external factors affecting their operations, and increase overall efficiency and effectiveness by implementing standard financial controls over the coming months.

### **Annual Cost Savings**

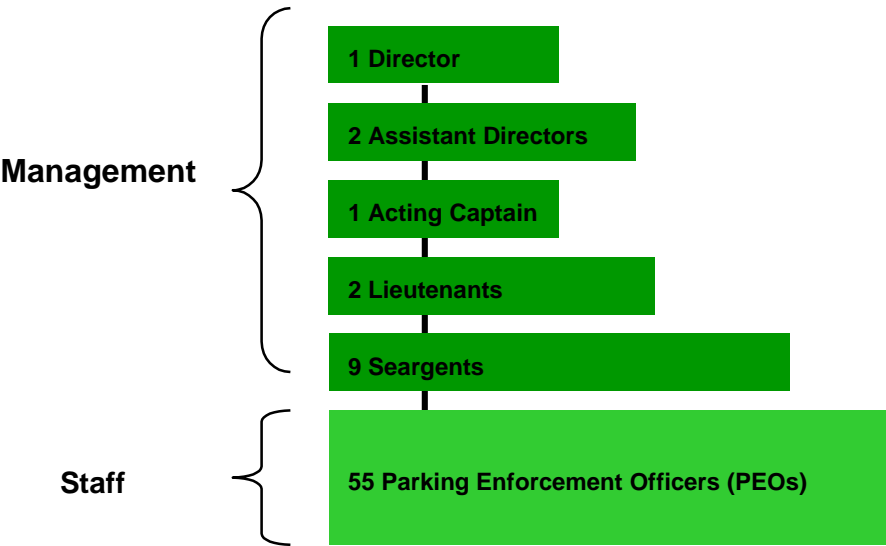
These basic financial controls could be implemented without significant cost to JCPA. The financial staff of four, if properly trained and qualified, should be able to implement these controls. Even if some of these measures require JCPA to make an investment, this would be money well spent. Basic financial controls would give management and the Board of JCPA information they desperately need to manage their resources better.

**JCPA2 -Reduce Manager to Staff Ratio in Division of Enforcement**

**Description**

The Division of Enforcement is the largest division within JCPA; Enforcement staff are responsible for writing parking tickets for a variety of City and State parking violations. This Division currently employs 70 people including one Director, two Assistant Directors, one Acting Captain, two Lieutenants, nine Seargents, and 55 Parking Enforcement Officers.

**Current Division of Enforcement Organizational Structure**



JCPA was unable to provide written job descriptions, salary ranges, or job performance measures for management or staff within the Division of Enforcement. Based on conversations with JCPA staff, we know that PEOs are assigned to a troop and report daily to one Seargent. Seargents and other managers within Enforcement do not participate in actual ticket writing. Instead, managers supervise either junior managers below them or 6-7 PEOs, and fill out paperwork on tickets and incidents that may have occurred during the day. Managers also travel to PEO locations to deal with technical issues related to the handheld electronic ticketing units. Despite significant recent budget decreases for JCPA as a whole and steady or declining ticket revenue levels, we saw no evidence of corresponding decreases in management or staff positions in this Division. The current ratio of manager to staff in Enforcement is one manager for every 3.6 staff.

**Recommended Changes**

Reduce the ratio of managers to staff in the Division of Enforcement by removing one Assistant Director position, eliminating the Captain and Lieutenant levels, and removing two Seargent positions.

## Rationale

The Division of Enforcement should reduce its manager to staff ratio for several reasons. The structure of an agency's hierarchy can have a large impact on operational effectiveness, and several organizational theorists have documented best practices in this area. They find that flatter hierarchies tend to lead to faster decisions, lower overhead costs, and allow managers to communicate effectively.<sup>171</sup> With five levels of management for one layer of staff and a very high ratio of managers to staff in its largest Division, JCPA faces an inherent and significant structural barrier to efficiency and effectiveness. By eliminating one Assistant Director position, one Captain position, two Lieutenant positions, and two Sergeant positions, JCPA can streamline its management function in a critical department while maintaining a respectable ratio of management to staff of 1 to 6.1. The resulting organizational structure would require the remaining seven Sergeants to manage only two more PEOs each and would retain enough management capability in the Assistant Director and Director positions to ensure proper functioning of the Division. In addition, monetary savings from decreased salary, benefits and overhead costs may give JCPA more financial room to manage their monthly operating deficit.

### **Annual Cost Savings: \$247,485**

#### **Staffing Change: Down 6**

The table on the next page shows how much is spent under the current organizational structure and how decreasing the number of managers could save money in salaries and overhead at JCPA. Some of the amounts represent actual data for Enforcement as was furnished to us by JCPA. Other amounts represent our best estimates when data was not provided by JCPA. We have noted both cases as well as described fully the manner by which we arrived at all totals. It is important to note that the PEO salary levels stay the same in the "Current" and "Recommended" columns. This is because we think it is important that JCPA address its financial deficits not by cutting staff across the board, but rather by maintaining the existing number of revenue-generating PEOs and reducing revenue-draining management levels.

The saving estimate in the table on the next page includes only the salary and overhead savings that would result from the implementation of this recommendation. It is very likely that additional gains in efficiency and effectiveness resulting from a streamlined Division would result in additional savings and revenue generation in Enforcement. Unfortunately, it is very difficult to accurately quantify such savings, and we left them out in favor of producing a more conservative savings estimate.

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<sup>171</sup> Jay Galbraith. Designing Organizations, An Executive Briefing on Strategy, Structure, and Process, 1995.

Spending Levels for the Management and Staff Positions		
COST	Current	Recommended
Management Salaries <sup>172</sup>		
Director	\$45,000	\$45,000
Assistant Director	\$84,000	\$42,000
Acting Captain	\$40,000	\$0
Lieutenant	\$74,000	\$0
Sergeant	\$315,000	\$245,000
PEO salary and benefits	\$1,917,138	\$1,917,138
Fleet Maintenance <sup>173</sup>	\$22,977	\$17,871
Overhead Costs <sup>174</sup>		
Rent	\$121,319	\$110,920
Office Expense - Operations	\$37,900	\$34,651
Telephone & Communications	\$22,092	\$20,198
Uniforms	\$9,762	\$8,925
<b>TOTAL COST</b>	<b>\$2,689,188</b>	<b>\$2,441,703</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$247,485</b>

<sup>172</sup> We were unable to get accurate salary and benefit information from JCPA. In order to develop a cost estimate for this recommendation we used \$45,000 to represent the salary of the Director of Enforcement, \$42,000 to represent the Assistant Director's salary, \$40,000 to represent the Acting Captain's salary, \$37,000 to represent the Lieutenant's salary and \$35,000 to represent the Sergeant's salary. These salary ranges are similar to others we have seen at various Agencies and Authorities across the City.

<sup>173</sup> JCPA spends \$104,700 in total on auto expenses for 41 vehicles. Because we were unable to obtain specific fleet maintenance costs from JCPA management, we divided the total auto expenses by the number of vehicles to get \$2,553 in auto expense per vehicle. JCPA's Director of Enforcement informed us that Seargents are assigned vehicles, so we calculated Seargents' fleet maintenance cost by multiplying 9 vehicles by \$2,553 to get \$22,983.

<sup>174</sup> Reducing management in the Division of Enforcement will cut down on overhead expenses. Based on costs outlined in JCPA's 2000 Treasurer Report, fewer management levels in Enforcement should require less office expenses. For rent, we based our assumption that Enforcement uses half of JCPA office space on visual assessment during our visits to the office. We divided the total rent JCPA pays in half to get to a \$121,319. We divided this rent figure by the number of existing employees in Enforcement and found the amount of rent per employee to be \$1,733. That amount is multiplied by the new recommended number of employees (64) and we find that rent after implementation of this recommendation would be \$110,920. Office Expenses, Telephone and Communications and Uniforms costs were calculated in the same way.

## JCPA3 - Outsource the Maintenance and Management of Parking Lots

### Description

The Jersey City Parking Authority (JCPA) operates 11 parking lots throughout Jersey City. Three of those lots are permit parking lots that hold 59 spaces in total. The remaining eight are metered lots, which hold a total of 77 spaces. The Division of Operations within JCPA is responsible for maintenance and management of all JCPA owned lots, along with management of the permit and zone parking programs. Currently, this Division employs 28 people (six meter collectors, six meter maintenance and repair persons, two painters and 14 lot maintenance staff). Over the last seven years, JCPA has sold seven parking lots. Staffing levels within the Division of Operations do not reflect similar changes.

### Recommended Changes

JCPA should prepare a Request for Proposal (RFP) to outsource the maintenance and management of existing parking lots to a private firm with expertise in this area, eliminate unnecessary positions, and maintain a small contract monitoring function. This recommendation may require changing existing Jersey City code or State statute precluding the Parking Authority from outsourcing management of metered lots.

### Rationale

JCPA may have at one point needed a large Operations staff and been able to adequately manage its parking lots in-house. However, needs and abilities within JCPA have shifted significantly and savings could be achieved through the outsourcing of the parking lot maintenance and management function. JCPA already leases one lot to a private lot management company and could likely negotiate similar deals for other existing lots. This would allow JCPA to cut unnecessarily high salary and supply costs while still fulfilling its mission – the provision of public parking spaces.

There are many private firms willing and capable of providing this service. Network Parking, a firm headquartered in Cleveland, Ohio, maintains and manages surface and garage parking within the city of Cleveland.<sup>175</sup> In exchange for fees, Network takes 3% of gross profit to cover lot maintenance and management costs plus 2% of the net profit to cover overhead costs. In general, Network charges a flat fee to manage meter parking lots, however this fee ranges greatly depending on the condition of the meters and the lot. Colonial Parking, a full service parking management firm headquartered in Wilmington, Delaware, also offers parking lot management and maintenance services for a 15% cut of gross revenue.<sup>176</sup> There are likely other firms around the country and in the Jersey City area that would be willing to compete to provide such a service. JCPA has attempted to outsource this function unsuccessfully in the past. However, the monetary savings associated with such a step suggest that JCPA should take a second look at this opportunity.

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<sup>175</sup> Conversation with Jim, employee at Network Parking

<sup>176</sup> Conversation with Jed Hatchfield at Colonial Parking

**Annual Cost Savings: \$549,850**  
**Annual Revenue Decrease: \$43,500**  
**Staffing Change: Down 27**

The table below describes how the spending levels might change if this recommendation were implemented. Currently, JCPA receives \$290,000 in parking lot revenue; this includes revenue from both permit and metered lots. After the recommendation is implemented, revenue will decrease, however costs will also decrease enough to offset lower revenues.

Spending/Income Levels for the Parking Lot Management and Maintenance Function		
<b>COST<sup>177</sup></b>	<b>Current</b>	<b>Recommended</b>
Salaries	\$275,000	\$40,000 <sup>178</sup>
Lot Maintenance	\$150,000	\$0
Vehicle Maintenance	\$60,000	\$6,000 <sup>179</sup>
Rent	\$102,000 <sup>180</sup>	\$10,200 <sup>181</sup>
Office Expenses	\$20,000	\$2,000
Convention Meetings	\$9,000	\$900
Utilities	\$18,000	\$1,800
Miscellaneous	\$5,000	\$500
Telephone, Advertising and Booting expenses	\$17,500	\$1,750
Parking Lot Management	\$0	\$43,500 <sup>182</sup>
<b>TOTAL COST</b>	<b>\$656,500</b>	<b>\$106,650</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$549,850</b>
<b>REVENUE</b>		
Permit Lots	\$100,000	\$85,000 <sup>183</sup>
Metered Lots	\$190,000	\$161,500 <sup>184</sup>
<b>TOTAL REVENUE</b>	<b>\$290,000</b>	<b>\$246,500</b>
<b>ANNUAL REVENUE DECREASE</b>		<b>(\$43,500)</b>

<sup>177</sup> All data under "Current" comes from the JCPA Treasurer's Report.

<sup>178</sup> This is an estimated salary for one person to be kept on staff to monitor the contract.

<sup>179</sup> This estimate assumes that only on vehicle would be needed after this function has been outsourced.

<sup>180</sup> This is half of the total JCPA rent; office expenses, convention meetings, utilities, miscellaneous and materials are figured the same way.

<sup>181</sup> This estimate is based on a 90% drop in costs associated with as 97% reduction in staff. This provides a conservative savings estimate, and office expenses, convention meetings, utilities, miscellaneous and materials are figured the same way.

<sup>182</sup> This amount is the equivalent of 15% of gross revenues for permit lots and metered lots that might be taken by a contracting company such as Colonial Parking.

<sup>183</sup> This estimates that a contracting company such as Colonial Parking would take 15% of gross revenue of \$88,220.

<sup>184</sup> This estimates that a contracting company such as Colonial Parking would take 15% of gross revenue of \$236,078.

## JCPA4 -Modify PEO Job Descriptions to Include Electronic Ticketing

### Description

The Jersey City Parking Authority employs 55 Parking Enforcement Officers (PEOs) in its Division of Enforcement. Each PEO is charged with writing parking tickets and enforcing parking laws throughout the City; their efforts bring approximately \$9 million into City coffers every year. PEOs hand wrote all tickets until three years ago, when the State Administrative Office of the Courts (AOC) implemented an electronic, handheld ticket writing system known as the Automated Traffic System (ATS). At that time, Jersey City voluntarily agreed to be part of the pilot test of the original ATS system.

The ATS system is a point-and-click application with an interface similar to a form on a web site. It allows PEOs to access information on any vehicle's violation history at any time from any location, enter new violation information, and print electronic tickets right at the site of the violation. The ATS system is designed to ease the administrative costs associated with processing paper transactions at the Municipal Courts where parking and other infractions are resolved, to increase the productivity of ticket writers and to make data tracking easier.

Unfortunately, the implementation of the ATS system in Jersey City has not gone smoothly. JCPA argues that the handheld units the PEOs must carry are too heavy and overly burdensome and that the units break or malfunction continually, resulting in lost ticket-writing opportunities and frustration among the PEOs and management. A number of the PEOs have been with JCPA for many years and are so confused by the ATS systems that they are unable to effectively operate the handheld unit. In addition, management at the JCPA is so frustrated with the system that they have not fully participated in State-sponsored ATS training sessions, nor have they mandated the use of the electronic system throughout the ranks of the PEOs. Instead, they struggle continuously with the Municipal Court to keep paper tickets available to PEOs. The Municipal Court estimates that it currently spends \$48,000 per year to input data from the paper tickets into the ATS system.

The AOC is moving ahead with plans to procure and implement a new handheld system that is designed to eliminate some of the problems associated with the pilot and add additional functionality to increase PEO effectiveness. Implementation of this new system is expected to begin in Jersey City in June, 2001<sup>185</sup>.

### Recommended Changes

The PEO job description should be reviewed and modified to include full utilization of the electronic, handheld ATS system. Any PEO not able to meet the requirements of the job should be removed from his or her position and be replaced with an employee who can fulfill the functions of the job.

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<sup>185</sup> Data from conversations with JCPA, Municipal Court and AOC officials, Fall 2000.

## Rationale

Issuing tickets using a handheld, electronic system is more efficient than handwriting paper tickets. Currently, the equivalent of thirteen, full-time PEO employees do not utilize this system, and JCPA is paying them over \$400,000 per year collectively. Because the Municipal Court limits the number of paper tickets JCPA can issue, there is a limit on how much revenue these PEOs can generate. More tickets could be written and more parking laws enforced by JCPA if all PEOs were able to use the electronic system effectively. The ATS system time-stamps tickets (eliminating some potential challenges in Court). It also allows PEOs to determine if a vehicle is a scofflaw or has outstanding violations before a ticket is issued (increasing the number and amount of fines) and minimizes error in the determination of violation type and associated fines. Paper tickets may be easier for some PEOs to write, but they require duplicative data entry work and needlessly complicate and extend the ticket resolution process. Unless PEOs are required to use the ATS system, there is little incentive for JCPA to work with the Municipal Court and the AOC to make the ATS system work better. The fact that a newer, better version of the electronic ticketing system is due to be implemented in Jersey City in six months makes this a good time to implement this recommendation.

The unwillingness to embrace the automated system has cost JCPA significantly. PEOs now write, on average, approximately 20,000 electronic tickets per month. However, due in large part to some PEOs unwillingness to learn how to use the ATS system, about 5,000 paper tickets are still written each month. This number would likely be higher but for the Municipal Court's refusal to provide more than 5,000 paper tickets per month. Court data show that 80-85% of all parking tickets generated are eventually paid, and that approximately 8-10,000 of those tickets per month are the type (non-Title 39) that generate \$4 each for JCPA.

### **Annual Cost Savings: \$48,000**

### **Annual Revenue Increase: \$557,692**

The table on the next page shows how much is spent and generated under the current system, and how moving to full usage of the electronic ticketing system could save money at JCPA and generate more revenue for the City.

According to our calculations, the equivalent of 13 PEOs - or 23% of the total - are not utilizing the ATS system. Our first step in this table is to estimate the costs to JCPA associated with having so many PEOs writing inefficient paper tickets. We also report the associated processing costs carried by the Municipal Court as well as the Jersey City budgeted payment allocated to JCPA. Note that the only change between "Current" and "Recommended" is the decrease in the Municipal Court processing costs. This is because we fully expect the City to continue to support JCPA as it provides a needed service, and we expect JCPA to move forward with the same number of revenue-generating PEOs.

Next, we move to estimating the amount of revenue generated by PEOs under the current system and after implementation of this recommendation. We assume that ticket revenue levels will eventually increase as JCPA's Division of Enforcement becomes more efficient and the average number of paid tickets per PEO increases.<sup>186</sup> Although we cannot perfectly

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<sup>186</sup> Our estimate of 368.5 as the number of tickets written per PEO per month is likely a HIGH estimate for those using paper tickets. We know from conversations with JCPA and Municipal Court officials that some PEOs (of those using ATS) are much more effective than others and that some PEOs (of those unable to use the ATS system) write few tickets if any at all. Since JCPA could not provide more specific data on ticket averages, we chose to base our savings calculations and projected revenue increased on this conservative average. Savings and revenue increases, therefore, may actually be higher than those reported here.

quantify this increase because JCPA was unable to provide information on PEO effectiveness over time with regard to handheld versus handwritten tickets, the AOC is confident that the electronic ticketing system makes PEOs more efficient. The final step in our table, therefore, is to use a conservative estimate of increased PEO efficiency to determine potential increases in revenue levels at JCPA and the City.<sup>187</sup>

Spending/Income Levels for the Parking Enforcement Officers		
<b>COST</b>	<b>Current</b>	<b>Recommended</b>
PEOs salary and benefits		
42 PEOs who use ATS system	\$1,463,996	\$1,463,996
13 PEOs who use paper tickets	\$453,142 <sup>188</sup>	\$453,142
Total PEO Costs	\$1,917,138	\$1,917,138
Court cost to process paper tickets	\$48,000 <sup>189</sup>	\$0
City Payments to JCPA	\$356,250	\$356,250
<b>TOTAL COST</b>	<b>\$2,321,388</b>	<b>\$2,273,388</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$48,000</b>
<b>REVENUE</b>		
# of tickets written per year	243,202	257,573 <sup>190</sup>
Yearly revenue to City	\$9,000,000	\$9,531,817 <sup>191</sup>
Yearly revenue to Parking Authority	\$450,000 <sup>192</sup>	\$475, 875 <sup>193</sup>
<b>TOTAL REVENUE</b>	<b>\$9,450,000</b>	<b>\$10,007,692</b>
<b>ANNUAL REVENUE INCREASE</b>		<b>\$557,692</b>

<sup>187</sup> The Administrative Office of the Courts estimates that PEO effectiveness could increase as much as 50% moving from written tickets to electronic tickets. (Per John Croly, Administrative Office of the Courts, January 29, 2001) We apply a 25% increase in productivity here in order to provide a conservative estimate of potential revenue increases.

<sup>188</sup> The following arithmetic was used in estimating how much JCPA spends on PEOs who cannot use the new system:

Total number of tickets written in 1999 was 243,202;

Tickets written per PEO per year is 243,202, this number divided by 55 makes each PEO write 4,421.9 tickets per year.

Therefore, PEOs are writing 368.5 tickets per month.

Number of PEOs it would take to write 5000 tickets a month =  $5000/368.5 = 13.6$ ;

Total PEO salary plus benefits = \$1,917,138;

Salary plus benefits per PEO =  $\$1,917,138 / 55 = \$34,857.05$ ;

Cost in PEO salary to write paper tickets =  $13 * \$34,857.05 = \$453,141.71$

<sup>189</sup> Marty Dolan, Municipal Court Administrator, estimated that it costs \$48,000, a year, in salaries to process paper tickets.

<sup>190</sup> Assumes that the equivalent of 13 PEOs using paper tickets become 25% more effective when using the ATS system.

<sup>191</sup> Assumes that the equivalent of 13 PEOs using paper tickets become 25% more effective when using the ATS system.

<sup>192</sup> Jersey City Parking Authority Treasurers Report (average of last two years)

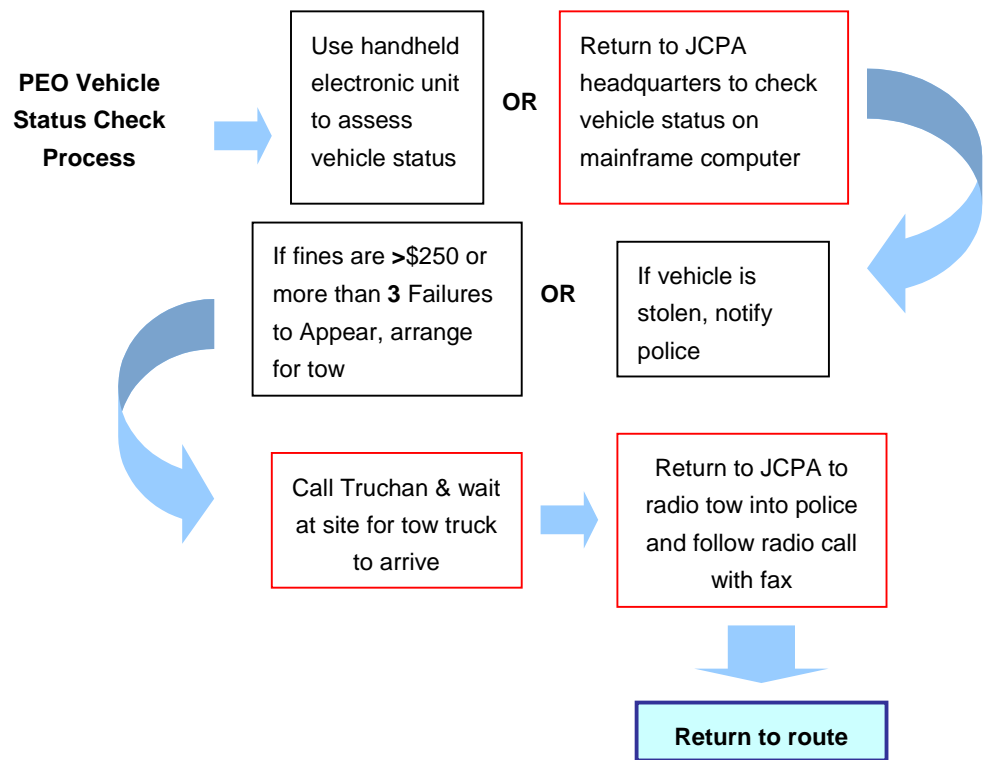
<sup>193</sup> Assumes that the equivalent of 13 PEOs using paper tickets become 25% more effective when using the ATS system.

## JCPA5 - Modify Towing Process

### Description

JCPA often encounters situations where vehicles need to be towed as part of its efforts to enforce local and State parking laws. For example, a vehicle may be abandoned on a JCPA lot, booted, and need to be removed from a Zone or Permit Parking Area, parked in front of a fire hydrant, or registered to a scofflaw with numerous existing fines.

Unlike the Department of Public Works, JCPA does not operate an internal towing service, nor does JCPA follow Police towing procedures that include arranging for vehicles to be towed to the Jersey City Car Pound managed by the Jersey City Incinerator Authority. Instead, JCPA contracts with a private company – Truchan Brothers – to provide towing services for vehicles impounded by Parking Enforcement Officers (PEOs). JCPA renews its contract with Truchan Brothers annually. PEOs generally follow the process outlined below:



PEOs determine if a vehicle should be towed either by checking the vehicle's history on their handheld ticketing unit or returning to JCPA headquarters and utilizing mainframe access to get the vehicle history information. If the vehicle is stolen, the police are notified; if towing criteria are met, the PEO notifies Truchan Brothers and returns to the site to monitor the vehicle towing. Once the vehicle has been removed, the PEO returns to JCPA headquarters to notify the police department by fax and radio report that the vehicle is in Truchan Brothers custody. The complete process from when a PEO notices a violation to

when that PEO returns to his or her route can take up to 1.5 hours.<sup>194</sup> Between 25 and 50 cars are towed per week, and owners of towed vehicles deal directly with the Municipal Court for fine payment and Truchan Brothers for payment of towing, storage and other fees. Truchan Brothers eventually sends \$31 per vehicle to JCPA after all towing fees have been collected.

## **Recommended Changes**

JCPA should require all PEOs to utilize the handheld electronic ticketing units to establish whether or not a car should be towed rather than return to JCPA headquarters to do so, and properly trained dispatchers at JCPA should act as facilitators in this process.

## **Rationale**

Several steps that lead to inefficiency and decreased revenues complicate the impoundment and towing process at JCPA. These unnecessary steps are outlined in red in the diagram above. By hiring two dispatchers and requiring PEOs to use the handheld electronic ticketing units<sup>195</sup>, JCPA could increase the amount of time PEOs spend performing their primary function and as a result increase ticket revenue levels. PEOs should not need to return from their routes to JCPA headquarters to check on a vehicle history or contact Truchan Brothers to arrange a tow. The handheld electronic ticketing units all PEOs carry are designed to allow immediate and wireless access to the computer system that carries vehicle information and dispatchers at JCPA should be able to handle the administrative aspects of towing a vehicle, leaving PEOs free to enforce local and State parking laws.

**Annual Cost Savings: \$10,077**

**Annual Revenue Increase: \$14,131**

**Staffing Change: Up 2**

The table on the next page shows how JCPA could achieve savings by overhauling the towing process to include the hiring of two dispatchers and elimination of wasted time among by the PEOs. Not only would PEO salary lost during travel be recouped, but potential ticket revenue forgone during the same period would also be recovered.

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<sup>194</sup> This figure is based on Truchan Brothers' estimate of their response time from notification of need for tow until actual tow, plus our estimates on travel time between any given PEO route and JCPA headquarters. Through conversations with JCPA staff, we were lead to believe that most PEOs have enough trouble with the handheld electronic ticketing units that they often complete the towing process by traveling to and from JCPA headquarters.

<sup>195</sup> See related recommendation JCPA4 - Modify PEO Job Description to Include Electronic Ticketing

Spending/Income Levels for the Towing Process		
<b>COST</b>	<b>Current</b>	<b>Recommended</b>
2 Dispatchers <sup>196</sup>	\$0	\$40,000
PEO time lost in towing process <sup>197</sup>	\$35,946	\$0
JCPA share of ticket revenue forgone <sup>198</sup>	\$14,131	\$0
Towing Contract	\$32,500	\$32,500
<b>TOTAL COST</b>	<b>\$82,577</b>	<b>\$72,500</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$10,077</b>
<b>REVENUE</b>		
Ticket Revenue <sup>199</sup>	\$836,616	\$850,747
<b>TOTAL REVENUE</b>	<b>\$836,616</b>	<b>\$850,747</b>
<b>ANNUAL REVENUE INCREASE</b>		<b>\$14,131</b>

<sup>196</sup> The dispatcher at the Department of Neighborhood Improvement makes approximately \$20,000 a year. We used this number as an estimate of what it would cost JCPA to hire two dispatchers.

<sup>197</sup> This figure represents the cost of the time PEOs waste traveling back and forth from their routes to JCPA headquarters and arranging the administrative aspects of each tow. We used information on total tows per month to estimate that each PEO has at least one car towed every two weeks. Assuming that each towing episode takes 1.5 hours from start to finish, this equated to a loss of 2% of time or \$653 per PEO based on an average PEO salary of \$34,857 (from JCPA Treasurer's Report).

<sup>198</sup> This figure represents ticket revenue lost when PEOs travel from routes to JCPA headquarters to arrange towing and therefore are not writing parking tickets. JCPA ticket summary shows that 7,920 tickets are written every two weeks. Using the same 2% figure used to estimate PEO salary losses, we determine here that 158 potential tickets are not written due to inefficiencies in the current towing process during a given two week time period. Using the Municipal Court's average collection rate for parking tickets of 86%, we determine that JCPA forgoes \$534.52 every two weeks or \$14,131.52 per year. However, this amount reflects only the \$4 that JCPA receives per collected ticket. Because we do not have information on average ticket fines, we cannot estimate accurately the amount of associated ticket revenue forgone by the City due to inefficiencies in the JCPA towing process.

<sup>199</sup> This figure is arrived at by taking all tickets written in one year (243,202) multiplied by the 86% collections rate to arrive at 209,154 resolved tickets that bring in \$4 each to JCPA. Therefore, JCPA's total income from these tickets is \$836,616. We then added the amount of ticket revenue forgone by JCPA to arrive at the "Recommended" revenue amount.

## Jersey City Free Public Library

Key Facts	
<b>Budget</b>	<b>Employees</b>
\$7,015,075 – FY 2000 Adopted Budget (\$6,565,000 - City's contribution)	111 employees – FY 2000 99 employees – FY 2001
\$7,000,000 – FY 2001 Mayor's Budget (\$6,565,000 - City's contribution)	
<b>Primary Functions</b>	
<ul style="list-style-type: none"><li>• Educational Support</li><li>• Information Exchange</li><li>• Providing access to diversified print, audiovisual and electronic resources</li></ul>	

### Description

The Jersey City Free Public Library is an autonomous agency run by a Board of Trustees whose members are appointed by and include the Mayor. The library system includes one main Library and eleven branches. There are four large Branches: Five Corners, Miller, Hudson City (newly renovated and renamed the Heights), and Greenville. Additionally, there are seven smaller libraries and storefronts: Claremont, Lafayette, Marion, Pavonia, Pearsall, the Perfecto Oyolo Biblioteca Criolla and Cultural Center, and West Bergen.

The Library's budget for Fiscal Year 2000 was just over \$7 million dollars (of which the City's contribution was \$6.5 million). The library's largest budget expense is operations, which includes building maintenance and personnel. Approximately 65%-70% of the library's operating budget is staff related.

The library has outsourced its management function to Library Systems Services Inc. (LSSI), a private company that reports directly to the library's Board of Trustees. LSSI's two-year contract began June 1, 1999 and is up for renewal at the end of May 2001. There was substantial resistance in many quarters to the initial decision to outsource the Library Management. During the first contract period, LSSI focused on introducing automation, developing staff, and improving daily operations. LSSI has also surveyed the library's current and potential customers, Jersey City residents, to assess market need. LSSI conducted a telephone survey of 1,000 Jersey City residents in June 2000 to ascertain current usage and to set future priorities.<sup>200</sup> As a result of the survey, LSSI drafted a long-range service plan and mission statement for the library.<sup>201</sup>

<sup>200</sup> D'elia, George, PhD. Survey of Residents of Jersey City for Jersey City Public Library. August, 2000. Page. ii.

<sup>201</sup> According to this plan (Library Systems & Services Long Range Service Plan for Jersey City Public Library), the library's priorities include providing access to diversified print, audiovisual and electronic resources that help Jersey City residents:  
Address their educational goals  
Find answers on a broad array of subjects  
Learn about the heritage and cultures of the community  
Locate and evaluate information

The library's long range plan includes prioritized service responses grouped into primary and secondary service response sets to emphasize during the next three to five years. The primary service responses include Formal Learning Support and General Information. Formal Learning Support offers student's educational support, while General Information provides information on a broad array of topics related to work, school, and personal life.

The secondary service responses include Cultural and Heritage Awareness, Information Literacy, and Topics and Titles of Current Interest. Cultural Heritage and Awareness is designed to help residents understand the cultural and historical factors that have shaped and continue to influence individuals and the community. Information Literacy focuses on building resident's skills related to finding, evaluating, and using information effectively. Finally, Topics and Titles of Current Interest is geared toward highlighting popular culture and social trends.

## Findings

While outsourcing management may be a new concept in public library operations, it was and continues to be the right course of action for Jersey City. The library lacked automation, training and leadership prior to LSSI's arrival.

LSSI is automating the Main Library and branches and setting up internet portals to provide citizens convenient access to this technology. LSSI is working with the current staff to enable change by setting performance measures and providing training to help employees reach predetermined goals and objectives. Finally, LSSI has crafted clear mission and vision statements based on the results of their citizen survey. These results are being used to provide better service and achieve customer satisfaction in the new millenium.

Distrust of LSSI led library management to substantially increase its own staff immediately prior to LSSI's arrival. The library is running an unnecessary parallel management staff. The current operating model for the Library reflects a duplication of efforts between LSSI and the previous library administration that results in inefficiency.

Although, the library has more capacity than it needs, it lacks the skill sets to fulfill necessary functions. For example, the library does not have a formal fund-raising program. Instead, the library, prior to LSSI's arrival, followed an informal process whereby a customer requiring and receiving research assistance from the library staff would simply make a donation to the library.<sup>202</sup> The library needs a Director of Development to champion a formal fund raising campaign.

In the past, the library responded to the community's needs by offering programming on request rather than following a thoughtful strategic plan. As a result, the library includes programming that is focused primarily on entertainment in addition to its other offerings. LSSI's survey is the first systematic assessment of resident's interests and needs. The survey results send a clear message that the library should focus on formal and informal programs geared toward educational support and information exchange, and not on programs where the objective is primarily to entertain. Jersey City Free Public Library will best serve its resident's by remaining within this well-defined scope.

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<sup>202</sup> This money was kept in the Director's desk, to be used for "special needs." This is not a fiscally sound business practice.

Not all the library's eleven branches are equally utilized. Ideally, usage statistics should measure more than just book circulation and include such numbers as total daily-visitors in order to consider all stakeholder's interests. The Library did not keep usage statistics prior to LSSI's arrival. LSSI is in the process of compiling data that will result in a comprehensive usage report in the Fall of 2001. Until that time, comparative circulation data can be relied on to reflect which libraries are underutilized. Circulation figures indicate that a number of smaller branches and storefronts should be closed or consolidated. Consolidation is not intended to leave a community without access. However, funds currently spent on underutilized branches could better serve the community if redirected to branches that reflect higher usage.

The library facilities need capital investment. For example, the Main Library's elevator celebrated its 100<sup>th</sup> anniversary in 2000. This manually operated elevator must be replaced with an automated model. The added expense of keeping this old elevator operating annually compared to the maintenance costs of the updated model found at Five Corners would pay for an automated elevator within six years. In addition, the automated elevator at Five Corners is in need of repair.

Finally, the library has auditoriums and other spaces that are not used to maximum capacity and if renovated would better serve the community. These facilities are used to varying degrees by the community at no charge, but if renovated and marketed to commercial, non-profit and private event planners, they could become revenue generators to help defray the costs of an initial capital investment.

### **Detailed Recommendations**

- LIB1 - Eliminate the Community Awareness Series
- LIB2 - Streamline Library Management and Operations
- LIB3 - Close Under-Utilized Libraries
- LIB4 - Renovate and Charge User Fees for Library Auditoriums and Other Space
- LIB5 - Replace the Main Library's Manually Operated Elevator with an Automated Model
- LIB6 - Outsource Courier Services at the Jersey City Free Public Library

## **LIB1 - Eliminate the Community Awareness Series**

### **Description**

The Jersey City Free Public Library began the Community Awareness Series (CAS) approximately 22 years ago as an educational series. Currently, CAS runs a cable television program, a jazz series, a number of cultural and ethnic events, and a selection of undetermined workshops. CAS' Cable Television Program includes "Urban Forum" and "Cultural Odyssey" that air weekly on Channel 51, Jersey City TV. Since its inception, CAS has shifted its focus away from education and more towards performance. One reason for the change, according to Dennis Hayes, the current Director of the library, has been the changing interests of a diverse ethnic community.

The current budget for the CAS program is \$250,000. The estimated expenses paid in FY2000 were \$247,426, of which 28 percent was spent on outsourced services including technical (\$43,945), clerical/research (\$12,219) and video/photographic (\$13,973). The jazz series (\$19,256) and workshops (\$38,755) comprise the second largest percentage of overall expenditures at 8 percent and 16 percent respectively (for a combined total of 24 percent). CAS operates programs at Miller and Five Corners, two of the library's twelve branches.

The Community Awareness series operates with virtually no accountability or oversight. The team made numerous unsuccessful attempts to schedule a meeting with the Director of CAS. In addition, the team tried unsuccessfully to contact the Director by telephone and by email to request a list and further description of annual programs, a program budget with cost allocations, and other documents. The information referenced in this recommendation is the result of piecing together CAS financials from the library's general ledger, collecting workshop fliers from staff member's personal files and weaving together information from interviews with other library personnel.

The CAS program does not appear to have an annual financial plan to which they are held accountable. CAS does not appear to have a program calendar nor do they attempt to coordinate with other programming offered within the library or within other City departments. Finally, CAS does not appear to have an organized marketing plan, a tool that is essential for reaching a wide audience.

As a result of CAS' lack of coordination with other programs, CAS duplicates offerings of the Cultural Affairs Division of the Department of Recreation, the event-planning arm of the municipal government. In contrast to CAS, the Cultural Affairs Division raises corporate sponsorship and funds its concert series and cultural events with private not public money. In addition, the Cultural Affairs Division runs a community outreach program similar to that of CAS, but unlike CAS, is supported by CDBG funds. The Cultural Affairs Division coordinates all programming with the Recreation Department, which in turn publishes an event calendar and advertises in the local papers.

Finally, there is an appearance of conflict of interest in CAS spending practices. The CAS program employs three full-time staff members, David Dowood Williams, Director of CAS, and two Community Library Assistants, Patrick Winston, and Robert Doughtry. In addition, CAS retains technical consultants, one of whom is the Director's wife.<sup>203</sup> In FY2000, approximately \$56,000 was vouchered and paid out for technical services for which no one can provide a breakdown of specific services and/or programs for which those services were provided. Of the \$56,000 spent on technical services, two consultants received \$44,000. One of these consultants, the Director's wife, received \$24,000. Furthermore, CAS paid nearly \$40,000 to contractors for workshops and \$20,000 for a Jazz Series for which a breakdown of specific programs or expenses was unavailable.

## **Recommended Changes**

The Jersey City Free Public Library should eliminate the Community Awareness Series.

## **Rationale**

CAS programming is not core to the mission of the library and conflicts with the Library's overall priorities, goals and objectives. The LSSI customer survey resulted in primary and secondary service responses, which did not include programming like CAS. The survey indicated some community interest in Cultural Heritage, but the desire is information-based, as opposed to the performance based agenda of CAS. Finally, while the programming may be well received by parts of the community, it is a luxury that the cash strapped library system cannot afford.

The CAS Program operates with virtually no accountability or oversight and does not have an annual financial plan for which it is held accountable. The CAS Program duplicates offerings of the Cultural Affairs Division of the Department of Recreation, the City's Division charged with organizing City cultural events. As the event-planning arm of the City government, they have a proven track record, a transparent process, and the professional expertise to best plan such events. The CAS program is a duplication of efforts that should be halted.

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<sup>203</sup> Several sources at the library told us that the CAS Director's wife was paid by the program, but they were not knowledgeable about what she did.

**Projected Cost Savings: \$247,528****Staffing Changes: Down 3**

Eliminating the Community Awareness Series will allow the Library to recapture the full CAS budget of \$247,528. Below is an estimated cost breakdown of CAS spending in FY 2000.

Spending/Income Levels for CAS FY2000		
Cost	Current	Recommended
Salaries	\$80,551	\$0
Materials/Supplies	\$3,626	\$0
Photographic/Video Equip. & Supplies	\$13,973	\$0
Contractual Services	\$56,164	\$0
Jazz Series	\$19,256	\$0
Outreach	\$4,900	\$0
Concerts/Educational/Cultural	\$8,535	\$0
Tribute	\$3,748	\$0
Workshops	\$38,775	\$0
Benefits <sup>204</sup>	\$18,000	\$0
<b>TOTAL COSTS</b>	<b>\$247,528<sup>205</sup></b>	<b>\$0</b>
<b>PROJECTED COST SAVINGS</b>		<b>\$247,528</b>

<sup>204</sup> Benefits are estimated at \$6000 per City employee.

<sup>205</sup> The CAS Program Budget is \$250,000. According to the FY2000 Revenue and Expense report CAS spent \$247,426 of which we were able to identify \$229,426 (not including benefits).

## LIB2 - Streamline Library Management and Operations

### Description

In 1999, Jersey City decided to outsource management of the Library because it recognized that the existing library management structure was flawed and in need of an overhaul. The Library entered into a contract with Library Systems Services Inc. (LSSI). However, the transition to outsource management was difficult. LSSI faced opposition from within the library's hierarchy, certain parts of the political community, and from the unions who sued to stop LSSI from taking over the library management.<sup>206</sup> Library management, in an effort to limit LSSI's impact on decision making, hired additional management personnel, filling vacancies and creating new positions, while LSSI was renegotiating its contract with the Board.

As a result, the library employs a parallel administrative staff. The current operating model for the Library reflects a duplication of efforts between LSSI and the previous library administration, causing further inefficiencies. Library management is incapable of operating the Library efficiently without LSSI, and therefore it is not LSSI that must adjust, but rather the Library's current management staff. A number of positions in library management need to be combined and/or redefined, some functions require new skill sets, while others should be eliminated because of redundancy.

### Recommended Changes

- The Director's job description and main function should be rewritten to include fund raising and development responsibilities. New Jersey State Library Law dictates that employees report to a civil service manager. As a result, the position of Director is still needed, but the job description should be expanded to include major fundraising responsibilities.
- The two assistant director positions should be eliminated and replaced with two program coordinator positions. The library board hired two new assistant directors while LSSI was still negotiating its contract, even though the previous operating model included a director and only one assistant. The two assistant director positions (as currently designed) are not mandatory to the effective management of the library.
- The Management Specialist position in the Budget Office should be eliminated after the current person in that position retires this summer.
- The positions of Director of Maintenance and Director of Capital Projects should be combined. In the previous operating model there was a Director of Maintenance and an Assistant. In the suggested operating model, only a director will be needed. This is a result of the recommendations in this report, which include outsourcing maintenance, security and delivery services.
- The requirements for the Lending Librarian should be reduced from a masters degree to a bachelors degree.
- Consolidate departments such as the New Jersey Room and the Reference Room.
- Implement a performance measurement system that holds staff accountable

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<sup>206</sup> Conversations with Fran Ware, LSSI and Al Cameron, CFO Jersey City Free Public Library.

## Rationale

The Library's personnel needs have changed and will continue to change as a result of LSSI's presence, shifts toward automation and the implementation of recommendations in this report.

- The Director's responsibilities currently do not include fund raising, which is an essential function in modern library management. Unless the New Jersey State Library rules can be changed to eliminate and replace the title of Director with Director of Development when management is outsourced, the scope of the Director's responsibilities must be expanded to include fundraising. According to LSSI, a professional Director of Development earns \$80,000 with a potential to raise \$500,000 annually. The library pays the current Director \$67,000 without fund raising expectations. The library has a potential to net \$487,000 from private sources and grants annually.<sup>207</sup>
- The role of the two Assistant Directors should be redefined. The number of management employees overseeing operations has doubled since 1999. In place of one assistant director, there are now two assistant directors plus four LSSI staff members. Although, the library has more high-level management capacity than is needed, it lacks middle management capable of coordinating programs.
- The Management Specialist position in the Budget Office is no longer needed. LSSI requires only two contract monitors, including the Director of Finance and the Chief Librarian to monitor financial and library benchmarks respectively under the terms of its agreement. The position of management specialist is redundant because LSSI performs this function.
- The Maintenance Department's personnel needs have changed and will continue to change. In the previous operating model, the Director of Maintenance covered both maintenance and capital project functions with the support of an Assistant Director. Recently, the number of Directors overseeing maintenance and capital projects has doubled. In the new operating model, only one maintenance/capital projects director will be needed as a result of the recommendation in this report to outsource library maintenance, security and delivery services.
- According to LSSI, the requirements for a lending librarian do not include a Master's degree. The current employee is a Master librarian while the position really only requires an entry-level master or an experienced clerical employee. The current Lending Librarian is overqualified for the position. The lending librarian should be replaced with someone whose credentials correlate with the job description. The library will realize costs savings in salary from downgrading the position.
- The New Jersey and Reference Rooms serve similar functions such as offering research materials and assistance to library customers and could easily be combined. The demands placed on personnel are similar, and by combining the two departments the library would save on overhead from decreased scheduling needs. Instead of two FTEs covering the same shift in two different departments, only one would be required.
- The library does not have a formal performance management system with quantifiable measures. As a result, the staff is not held accountable for their performance. LSSI is in the process of defining an appropriate Performance Management program, so that the staff understands what is expected of them and so they can be held accountable for results. The Library is not really understaffed, but rather the staff is underutilized.

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<sup>207</sup> The difference between the current Director's salary of \$67,000 and the potential Development Director's salary of \$80,000 is \$13,000. The Development Director has a potential to raise \$500,000 minus the additional \$13,000 salary increase equals a potential net gain to the library of \$487,000.

**Annual Cost Savings: \$134,632**

**Annual Revenue Increase: \$250,000, in Year 1, \$500,000 Per Year Thereafter**

**Staffing Change: Down 4**

The following table illustrates the savings that can be realized by streamlining library management and operations through implementation of the previous recommendations. The Director's salary would remain the same, but his responsibilities would change. The Director will more than pay for himself through his fundraising activities, but since the money has not been realized yet, the team took a conservative approach in calculating savings. The two current assistant director and management specialist positions would be eliminated because their services are no longer needed. The Building Superintendent's position would be eliminated, and the responsibilities would be returned to the Director of Maintenance/Capital Projects. The lending librarian's salary would decrease by approximately \$10,000 when the position is downgraded. Two new Program Coordinator positions will be created to fill a gap that currently exists in library programming. Benefits are averaged at \$6,000 per employee throughout the report.

Income levels for the Positions in Question		
Cost	Current	Recommended
Salaries		
Director	\$67,632	\$80,000
Assistant Director 1	\$60,000	\$0
Assistant Director 2	\$60,000	\$0
Management Specialist	\$55,000	\$0
Building Superintendent	\$30,000	\$0
Lending Librarian	\$46,000	\$36,000
Program Coordinator 1	\$0	\$40,000
Program Coordinator 2	\$0	\$40,000
Benefits	\$36,000	\$24,000
<b>TOTAL COST</b>	<b>\$354,632</b>	<b>\$220,000</b>
<b>TOTAL SAVINGS</b>		<b>\$134,632*</b>
<b>Fund-raising revenue</b>		
Year 1		\$250,000
Year 2 and annually		\$500,000
<b>Revenue end Year 2</b>		<b>\$750,000</b>
<b>Revenue and savings end Year 2</b>		<b>\$884,632</b>

\*Total Savings does not include each employee's vehicle expenses including lease/buy, insurance, fuel and maintenance.

## LIB3 - Close Under-Used Libraries

### Description

The Library system operates seven small and storefront branches. The concept behind these branches is to respond to neighborhood needs for library services. These branches have fixed operating costs, which are incurred whether the facilities are used or not. Some of these branches have such low usage rates that it is very difficult to justify their costs. The Pavonia and Pearsall Branch Libraries circulated on average 247 and 288 books respectively compared to 1862 for the Claremont Branch per month for the year 2000.<sup>208</sup> The City does not own the facilities where these branches are located and each branch employs two full-time staff members and two part-time employees who together equal a 30 hour per week Full Time Equivalent (FTE).

### Recommended Changes

The Jersey City Free Public Library should close the Pavonia and Pearsall Branches immediately. In the long-term they should also merge the West Bergen and Marion Branches.

### Rationale

Although, Pavonia and Pearsall do not incur the greatest overall operating costs because they are two of the smaller branches, their relative operating costs are high compared to others in the Library system. As the following table shows, for example, during the year 2000, to circulate one book at Pavonia required 1.93 FTE hours and to circulate one book at Pearsall required 1.66 FTE hours. This is a high circulation cost compared to the .28 FTE hours cost at Claremont<sup>209</sup>. Total Operating expenses including benefits are \$100,381 at Pavonia and \$95,267 at Pearsall compared to \$48,820 at Claremont. Operating expense dollars spent per book circulated was \$406.40 at Pavonia, and \$330.79 at Pearsall compared to \$26.21 at Claremont.

With these high costs and limited traffic in these branches, it is difficult to support their continued operations. The Library could use their resources in a more effective manner elsewhere.

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<sup>208</sup> See table titled Monthly Library Circulation Statistics - 2000 in Appendix.

<sup>209</sup> 110 FTE hours per week multiplied by 52 weeks per year equals an average of 477 FTE hours per month; this figure divided by 247 and 288 books circulated equals an average of 1.93 and 1.66 hours per book for Pavonia and Pearsall respectively. For Claremont, 120 FTE hours per week multiplied by 52 weeks per year, equals an average of 520 FTE hours per month; this figure divided by 1862 books equals an average of .28 FTE hours per book.

Comparative Performance			
Performance Measure	Pavonia	Pearsall	Claremont
Operating Expenses <sup>210</sup>	\$100,381	\$95,267	\$48,820
Average Circulation/month	247	288	1862
Dollar/Book circulated	\$406.40	\$330.79	\$26.21
FTE Hour/Book circulated	1.93	1.66	.28

Like the Pavonia and Pearsall branches, West Bergen and Marion also have low circulation levels and high average costs per book loaned. (See table below) While merging these two will be a more complicated endeavor, the Library should explore this option in the near future.

Comparative Performance <sup>211</sup>			
Performance Measure	West Bergen	Marion	Claremont
Operating Expenses	\$94,815	\$106,845	\$48,820
Circulation/month 2000	798	673	1862
Dollar/book circulated	\$118.87	\$158.78	\$26.21
FTE/book circulated	.60	.77	.28

### **Annual Cost Savings: \$195,648**

### **Staffing Change: Down 5**

Closing these two branches will create significant savings for the library system. The amount documented in the table on the next page is direct cost savings, and does not include the indirect savings associated with the central office having to administer two fewer facilities.

<sup>210</sup> From Library Revenue and Expense Statement, June 2000. Salary information provided by Library staff.

<sup>211</sup> These three libraries are also in the small branch storefront category. 120 FTE hours per week, multiplied by 52 weeks per year equals 520 FTE hours per month; this figure divided by 798 and 673 books circulated equals .65 and .77 hours per book for West Bergen and Marion respectively. Claremont has 120 FTE hours per week multiplied by 52 weeks per year equals 520 FTE hours per month; this figure divided by 1862 books equals .28 FTE hours per book. West Bergen Operating expenses are \$94,815, divided by 798 which equals \$118.87 operating expense dollar per book circulated. Marion operating expenses are \$106,845, which divided by 673 books which equals \$158.78 operating expense dollar spent per book.

Spending and Income Levels for Two Libraries		
<b>Cost<sup>212</sup></b>	<b>Current</b>	<b>Recommended</b>
<b>Pavonia</b>		
Facility Expenses	\$11,230	\$0
Other Library Expenses	\$1,206	\$0
Library Materials	\$2,513	\$0
Total Programming Expenses	\$0	\$0
Salaries	\$73,432	\$0
<b>Total Operating Expenses</b>	<b>\$88,381</b>	<b>\$0</b>
<b>Benefits</b>	<b>\$12,000</b>	<b>\$0</b>
<b>SUBTOTAL COSTS</b>	<b>\$100,381</b>	<b>\$0</b>
<b>Pearsall</b>		
Facility Expenses	\$18,499	\$0
Other Library Expenses	\$1,206	\$0
Library Materials	\$3,349	\$0
Total Programming Expenses	\$2,220	\$0
Salaries	\$57,993	\$0
<b>Total Operating Expenses</b>	<b>\$83,267</b>	<b>\$0</b>
<b>Benefits</b>	<b>\$12,000</b>	<b>\$0</b>
<b>SUBTOTAL COST</b>	<b>\$95,267</b>	<b>\$0</b>
<b>TOTAL COSTS</b>	<b>\$195,648</b>	<b>\$0</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$195,648</b>

<sup>212</sup> From Library Revenue and Expense Statement, June 2000. Salary information provided by Library staff. Benefits estimated at \$6,000 per person.

## LIB4 - Renovate and Charge User Fees for Library Auditoriums and Other Space

### Description

The library has auditoriums and other space that if renovated would better serve the community. The Miller, Five Corners, the Main Library, The Heights each have auditoriums or other space that is not used to maximum capacity:

- **Miller Library** has a newly renovated basement space with a stage and seating for approximately 100. However, the floor is concrete and the space is not ADA compliant, making it undesirable for private usage.
- **Five Corners** auditorium has a stage, projection capability and seats approximately 170. This facility needs a complete overhaul including cleaning, painting and re-upholstering.
- **The Main Library** has recently reacquired the fourth floor that once housed the Jersey City Museum, but has not yet put this space to good use. The Museum divided the fourth floor space into two galleries. The fourth floor needs paint, repairs, lighting upgrades, public restrooms and a second means of egress as well as an upgrade to the kitchen. Once renovated, one of these fourth floor galleries could comfortably accommodate 80.
- **The Heights** has a newly renovated, multi-purpose space that seats 75.

These facilities are used to varying degrees by the community at no charge, but if renovated and marketed to commercial, non-profit and private event planners, they could become revenue generators that will help defray the costs of the initial capital investment.

### Recommended Changes

Make the necessary capital investments to maximize library facilities and to start charging fees for some types of uses.

### Rationale

The Library could charge a minimum of \$100 for a three-hour event at Five Corners and the Heights. The Main Library's Fourth Floor facility has a kitchen, rendering that space suitable for banquets and other events for which the library could charge a higher price. Other cities charge graduated usage fees. Newark Public Library has an auditorium that seats 100 and a second that seats 225. Newark charges community organizations that are sponsoring events that are free to the public \$50 for the smaller and \$100 for the larger auditorium. When fee based events are offered Newark charges the hosting organization \$150 for the smaller and \$750 for the larger auditorium.

In addition, the library should market these facilities to new businesses moving to Jersey City at higher prices than community organizations in order to offset the costs to the community.

## **Annual Revenue Increase: \$20,800**

### **Projected Investment Needed**

The library has the potential to earn revenues in excess of \$20,000 annually (see following table). A conservative estimate of library facility usage (based on each facility charging for one event per week) at \$100 per event would result in revenues of \$20,800 annually. The actual usage and fees charged would be much higher after renovations.

<b>Projected Revenue Increase: \$20,800</b>			
<b>Library</b>	<b>Current fees</b>	<b>Recommended fees per event</b>	<b>Revenues</b>
Miller	\$0	\$100	\$5200
Five Corners	\$0	\$100	\$5200
Main	\$0	\$100	\$5200
The Heights	\$0	\$100	\$5200
<b>Annual Total</b>	<b>\$0</b>		<b>\$20,800<sup>213</sup></b>

Implementing this recommendation would require substantial investment, which could come from existing debt authorization.

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<sup>213</sup> The annual total is a conservative estimate based on each facility charging for one event per week at \$100 per event. We think that the actual usage and fees charged would be much higher.

## **LIB5 - Replace the Main Library's Manually Operated Elevator with an Automated Model**

### **Description**

The Jersey City Free Public Library has two facilities with elevators: the Main Library and Five Corners. The Main Library's elevator is old and inefficient. It is manually operated requiring approximately 1.7 FTEs<sup>214</sup> and is too small to renovate to ADA specifications. In addition, the elevator requires constant and costly repairs to keep it running. For example, the total cost of servicing the libraries' two elevators was \$20,389 in FY2000. Of this amount, \$18,656 or 92% was spent on the Main Library elevator.

The Library submitted a plan to replace the elevator to the City Council in the early 1990s. At that time, an automated elevator cost \$400,000. The City Council approved the expenditure in the Capital Budgeting Plan, but the work was never completed.

### **Recommended Changes**

Replace the Main Library's antiquated manually operated elevator with an updated automated model.

### **Rationale**

The Jersey City Library cannot afford to continue to pay the cost of maintaining and operating an old elevator. It would take only 6 years for the accumulated savings from implementing this recommendation to equal the cost of the upfront investment. After Year 6, the only cost of the new elevator would be maintenance (which should approximate Five Corners' costs) for a total cost savings annually of \$75,923.

**Annual Cost Savings: \$68,307**

**Investment Needed: \$450,000**

**Staffing Change: Down 2**

As the table on the next page shows, replacing the manually operated elevator will generate savings in both personnel costs and in maintenance costs. While there will be a substantial investment required to install a new elevator, the annual savings should pay for the investment in less than seven years.

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<sup>214</sup> One elevator operator spends 90% to 95% of his time operating the elevator, and 5%-10% of his time on other maintenance duties. The second elevator operator spends approximately 80% of his time operating the elevator and 20% on janitorial duties. 1.7 FTE is a fair estimate of staff time spent operating this elevator.

Spending Levels for the Library Elevator		
Cost	Current	Recommended
Salaries		
Operator 1	\$25,824	\$0
Operator 2	\$14,760 <sup>215</sup>	\$0
Benefits	\$10,800 <sup>216</sup>	\$0
Elevator Repair	\$18,656	\$1,733
<b>TOTAL COSTS</b>	\$70,040	\$1,733
<b>ANNUAL COST SAVINGS</b>		<b>\$68,307</b>
<b>INVESTMENT NEEDED</b>		<b>\$450,000<sup>217</sup></b>

<sup>215</sup> Elevator Operator 2's total salary is \$18,450. Currently, Operator 2 spends 80% of his time on operating the elevator and 20% on janitorial duties.  $\$18,450 \times .80 = \$14,760$ . In Year 2 Operator 2's time would be totally dedicated to elevator operations because we recommended outsourcing library maintenance.

<sup>216</sup> Benefits are estimated at \$6000 per employee. Elevator Operator 2's benefits are figured at 80% of \$6000, which equals \$4800.

<sup>217</sup> This amount was based on the previous quote of \$400,000, plus additional amount of \$50,000 to account for estimated inflation.

## LIB6 - Outsource Courier Services

### Description

The Jersey City Free Public Library system often uses delivery services to deliver ordered books, inter-library loans, and internal mail between branches. Currently, the Library has one internal employee providing courier services between the Library branches and other destinations within the City. They also previously employed a back up driver, but recently eliminated that position. Instead, they use Comet Delivery Services, Inc., a contractor, to fill in for their messenger when he is unavailable due to vacations, sick leave, personal and compensatory days.

### Recommended Changes

We recommend that the Jersey City Free Public Library hire a private firm to provide their courier services. The Library would have to develop a Request for Proposal (RFP) for this service and put it out for public bid. This contract would include the development of a route system that would be followed every day, stopping at each branch pre-determined in the RFP process. Messengers could also be available upon request for unplanned deliveries.

This recommendation would eliminate the Library's one messenger position and its associated costs. Management time that is now spent coordinating the messenger's duties will be able to be dispersed to service other areas in the Library. The Business Office could continue to oversee the contract with the selected contractor.

### Rationale

This recommendation should be implemented given the number of private firms willing and able to carry out this service at a lesser cost than the City is spending now. Our research has shown that the firms that exist locally have developed and implemented route systems in the past that are similar to the one that we are recommending.<sup>218</sup> The Library already has a relationship with one such firm that provides these services. Comet Delivery Service, Inc. already handles small deliveries for several library systems in New Jersey.<sup>219</sup> Comet has quoted the Library a flat rate of \$4.60 per stop to follow a route system. This system would include a stop at each of the 11 branch locations, in addition to two stops at the main branch. Administration at the Library believes that outsourcing this service would improve their agency's efficiency.

The maintenance and insurance cost of the Library's vehicles that are used to perform messenger duties will also be effectively reduced through the implementation of this recommendation. The delivery van is 13 years old and is in fair to poor condition. It requires maintenance several times a year, and has become a financial burden on the Library. The Library researched purchasing a new van and found that the costs would exceed \$24,000, which is more than can be justified. If this recommendation is implemented, the contractor would use its own vehicles and the vehicle fuel and insurance

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<sup>218</sup> Conversations with Freedom Messenger Systems, Hudson Messenger, and documentation from Comet Delivery Service, Inc – all local businesses

<sup>219</sup> Memorandum from Al Cameron to Tony Blunda, 10/11/2000

cost would be transferred to that firm, further reducing the Library's current operating expenses.

### **Annual Cost Savings: \$44,839**

The table below describes the cost savings associated with implementing this recommendation. The hours that the Chief Financial Officer currently spends monitoring this service will probably remain the same once the contractor is selected.

This recommendation eliminates the messenger position and the costs associated with maintaining and insuring the vehicles needed to provide courier service to the Library. To provide recommended spending levels for contracted services, we used Comet Delivery Services, Inc. as an example, because they are currently contracted by the Jersey City Free Public Library. We believe that this is a reasonable estimate of the value of a contracted courier service.

Spending/Income Levels for Courier Services at the Library		
Cost	Annual	Recommended
Messenger Salary and Benefits	\$46,725	\$0
Cost of Vacation, Sick and Personal Days	\$9,269	\$0
Maintenance of Delivery Van	\$3,088	\$0
Insurance of Delivery Van	\$2,305	\$0
Comet Delivery Services, Inc.		\$16,548 <sup>220</sup>
<b>TOTAL COSTS</b>	<b>\$61,387</b>	<b>\$16,548</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$44,839</b>

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<sup>220</sup> This calculation was made from a quote given to the Libraries from Comet Delivery Service, Inc. They estimated that they would service 65 stops per week at \$4.50 per stop the cost would be \$299.00 for 52 weeks. The annual cost would be approximately \$16,548. The actual cost might be less due to Holiday closings.

## Department of Neighborhood Improvement

Key Facts	
<b>Budget</b>	<b>Employees</b>
\$2.9 million – FY 2000 Adopted Budget	100 employees – FY 2000
\$2.5 million – FY 2001 Mayor's Budget	30 employees – FY 2001
<b>Primary Functions</b>	
<ul style="list-style-type: none"><li>• Enforcement of City Code Related to Quality of Life Issues</li><li>• Response to Tenant Decrease in Service Complaints and Cellar-to-Attic Inspections</li></ul>	

### Description

The Department of Neighborhood Improvement (NID) was created as a pilot program out of Department of Public Works (DPW) in January 1996. Within a year, NID was promoted to Department status. The mission of the Department is to “augment a comprehensive community policing initiative through the enforcement of Municipal ordinances, which address Quality of Life Concerns.”<sup>221</sup>

The Department consists of two Divisions: Neighborhood Management and Housing Code Enforcement. The Department as a whole has gone through significant changes in the past few years. At its peak, NID included over 100 people. It now has a staff of 30. The Division of Neighborhood Management at one time had a staff of 64 full-time employees plus seasonal employees. Currently, the Division consists of 15 employees. The Division of Housing Code Enforcement at one time had a staff of 34, although it too has been reduced to 14.

### Division of Neighborhood Management

The Division of Neighborhood Management focuses on quality of life issues. Neighborhood Management employs code enforcement officers (CEOs) to enforce City code related to animals, solid waste, and streets and sidewalks. The CEOs are assigned to different districts within the City. They walk a beat through their assigned districts, issuing both warnings and tickets for code violations.

The Division of Neighborhood Management also manages two contracts with non-profit organizations: The Doe Fund and Hudson Occupational. The contracts employ people who manually clean sidewalks and gutters along their neighborhood routes. The costs associated with the contracted workers are lower than the City would pay municipal workers for performing these tasks. In addition, the programs are also providing work opportunities for people in drug treatment programs and/or people with other disabilities.

Beyond their primary functions, there are a number of other initiatives that the Division of Neighborhood Management has undertaken. One example is the Sprinkler Cap program, through which the Division brings sprinkler caps to neighborhood fire hydrants in the

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<sup>221</sup> Department of Neighborhood Improvement, Mission Statement

summer upon request. In addition, CEOs respond to calls to turn off illegally turned-on fire hydrants. This function was previously performed by the Fire Department, but the shift to NID has saved the City money, through less overtime cost to the Fire Department.

#### Functions of Division of Neighborhood Management

- Patrol districts – looking for quality of life concerns
- Issue warnings and write tickets for code violations
- Shut off illegally open fire hydrants
- Attend neighborhood association meetings
- Distribute information to districts – i.e. dog licensing info, snow removal policy, etc.
- Coordinate events (such as Annual Christmas tree lighting ceremony)
- Act as a liason between neighborhoods and other City agencies/departments
- Respond to constituent phone calls

#### Division of Housing Code Enforcement

The Division of Housing Code Enforcement focuses on responding to tenant complaints and completing “cellar-to-attic” inspections. A major portion of the Division’s time is spent responding to tenant complaints concerning heat and hot water and this is the primary function during the heat season, which lasts from October 1<sup>st</sup> through April 30<sup>th</sup>. Tenants call the Division with complaints related to decrease in service, primarily heat and hot water, and the inspectors verify and record the complaint through onsite inspections. Inspectors then follow up with the landlord and issue a warning and/or fine for the violation. The violation process can be quite long and often results in a Municipal Court case, requiring the inspectors’ testimony.

The Housing Code Enforcement Division is also responsible for inspecting entire multi-unit dwellings. These “complete inspections” are a secondary responsibility and are completed only after tenant complaints have been sufficiently managed. The inspections allow the identification of various code violations within a given multi-unit dwelling. Complete inspections are done on a rotating basis and are generally done one neighborhood at a time.

#### Functions of Housing Code Enforcement

- Receive tenant complaints – in person and via phone
- Respond to calls with site visits
- Issue warnings and/or violations to landlords
- Follow up tenant complaints to check for abatement of problems
- Appear in court
- Log and document all violations
- Perform complete inspections
- Perform inspections as per Division of Tenant-Landlord Relations (HEDC) request
- Offer information on tenant rights and/or refer to Division of Tenant-Landlord Relations (HEDC)

## Findings

### Overall Need for a Separate Department

The primary functions of the individual Divisions of NID are an important part of the services that Jersey City provides its citizens, but we question the need for a separate department to house these functions. Creating NID came at a high cost to the City. In addition to the cost of adding new departmental infrastructure, in order to make NID a Department, the City was required by law to disband one of the other City Departments. It appears that in exchange for NID, the City disbanded its Finance Department. This may have had negative implications on the City's ability to manage its financial operations.

The rationale behind NID's creation was that Jersey City needed a separate department to focus on quality of life in the neighborhoods. NID's mission was to have a strong cadre of employees in every neighborhood to address quality of life issues on a proactive basis through enforcement of City codes, undertake odd functions needed in the neighborhoods, get to know the residents, and be a set of "eyes and ears" for the community. This could be described as the quality of life version of community policing. While the motive for this concept may have been good, we believe that it is not a particularly effective or efficient approach for Jersey City.

The current NID plan calls for employees to 'walk a beat' rather than to respond to complaints. While the increased presence of NID employees might be beneficial, they can only be effective with very high staff levels, which Jersey City cannot afford. Since it was unlikely that the goals of the program could be achieved with the higher NID staffing levels in recent years, it is virtually impossible that this operating model can be effective with the current reduced staffing levels. Also, the operating model of 'walking a beat' makes it very difficult to monitor employee performance.

Since NID is not able to perform its original mission, there is likely little need to keep NID as a separate Department. We believe that while many of the functions that NID performs are important, they can be performed more effectively under a different departmental structure.

We are also concerned about how the City has determined the functions that NID is to perform. The shift of functions to NID has been haphazard and often does not appear to be based on effective and efficient uses of resources. An example is the annual Christmas tree lighting ceremony. The ceremony had historically been run by the Department of Recreation and Cultural Affairs which has event planning expertise that NID does not. Despite the move, the Recreation Department assists NID with the planning of the event due to NID's lack of expertise and resources. It is possible that there has been a push to bring more functions to NID to create a reason for its independent existence as a Department.

### Lack of Performance Measures

We have several concerns about the way NID currently performs its functions. Our broadest concern is that few internal performance standards are used and the ones that are used may be inappropriate. NID has tried to address the need for performance measures by identifying some measures and implementing some sort of measurement, but its success is mixed.

For example, there has been a push to implement some performance measures for CEOs, although this has been difficult. The first step to performance measurement is identification of measurable standards. However, this step has not been adequately addressed within

NID. This is a concern because performance measures are an extremely important step towards running efficiently. Given the nature of the CEOs job, it can be very difficult to assess the level and quality of the work that they are doing on a daily basis. Without effective performance indicators (for both employees and services offered) it is difficult to fully identify and assess efficient and effective levels of service and performance. As a result NID management has a difficult time assessing staffing needs. As noted earlier, there have been large staff cuts within the Division that affect their processes. However, but without identifying adequate levels of effectiveness, there is no way to determine adequate staffing levels for effective service delivery.

### **Technology Issues**

The lack of technology in the Department is also problematic and costly for NID. In the Division of Housing Code Enforcement, for example, a number of functions could be done much more efficiently with new technology resources. Due to the lack of technology, the Division of Housing Code Enforcement is overly reliant on an excessive clerical staff for daily duties. Most of the Inspectors are computer literate, but simply do not have computers available to enter data. In addition, all current cases are housed in large filing cabinets and are not available electronically. This makes the process of identifying the status of a given case quite difficult and time consuming.

### **Detailed Recommendations**

- NID1 - Disband the Department of Neighborhood Improvement
- NID2 - Merge Division of Housing Code Enforcement (Division of NID) with Tenant-Landlord Relations (Division of HEDC)
- NID3 - Move Division of Neighborhood Management to the Police Department as a Civilian Unit

# NID1 - Disband the Department of Neighborhood Improvement

## Description

The Department of Neighborhood Improvement is divided into two Divisions: Neighborhood Management and Housing Code Enforcement. Each of these Divisions once operated through other Departments. The Division of Neighborhood Management began as a program with Department of Public Works (DPW). The Division of Housing Code Enforcement was run under the Department of Housing, Economic Development and Commerce (HEDC).

The concept of these two Divisions being housed under one Department was to bring together neighborhood related code enforcement operations. The Division of Housing Code Enforcement is tasked with all internal housing inspections, while the Division of Neighborhood Management is tasked with the external inspections of the neighborhood streets and sidewalks. The two Divisions still act independent of one another and therefore, there are no visible efficiencies gained by these two Divisions being housed in the same agency.

## Recommended Changes

Disband the Department of Neighborhood Improvement and move the two Divisions to other City Departments.

## Rationale

- The two Divisions can be easily housed in other Departments.
- When the current Administration chose to create NID, they eliminated the Finance Department. Jersey City is legally allowed to have a finite number of departments; they are currently at the maximum number allowed by law.<sup>222</sup> Although the operations of NID are helpful, Jersey City desperately needs a Department of Finance. This is a crucial department in any city and especially important in a city facing financial problems.
- The cost of a Director's Office can be eliminated by consolidating the Divisions into other Departments.

## Annual Cost Savings: \$116,000

### Staffing Change: Down 1

The disbanding of the Department as a whole will have a direct savings to Jersey City government because there will not be the need for departmental overhead. This will be achieved by the elimination of the Director's Office. The cost saving is shown in the chart on the following page.

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<sup>222</sup> New Jersey State statute 40:69A-43

Spending/Income Levels for NID		
Cost	Current	Recommended
Salaries & Wages <sup>223</sup>	\$100,000	\$0
Benefits <sup>224</sup>	\$6,000	\$0
Operating & Contractual <sup>225</sup>	\$10,000	\$0
<b>TOTAL COSTS</b>	<b>\$116,000</b>	<b>\$0</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$116,000</b>

<sup>223</sup> This figure was taken from the FY2001 Jersey City Budget and primarily accounts for the Director's salary.

<sup>224</sup> \$6,000 is the average City employee's benefit cost to the City.

<sup>225</sup> This figure was taken from the FY2001 Jersey City Budget, from the NID's Director's Office Budget.

## **NID2 - Merge Division of Housing Code Enforcement (Division of NID) with Tenant-Landlord Relations (Division of HEDC)**

### **Description**

The Division of Housing Code Enforcement is currently one of two divisions housed under the Department of Neighborhood Improvement (NID). The Division of Housing Code Enforcement at one time had a staff of 34. Currently, the Division consists of 14 employees, including the Division Director, Deputy Director, 4 Typists, 3 Supervisors, and 5 Housing Code Inspectors.

One of the primary functions of Housing Code Inspectors is to respond to tenant complaints. Inspectors are responsible for the enforcement of all regulations found in Chapter 254 of the Jersey City Property Maintenance Code. During the “heat season”, from October 1 through April 30, the majority of complaints received are heat and hot water related. In addition to responding to calls, Inspectors do “complete inspections”, which are cellar to attic inspections of multi-unit dwellings. Currently they perform approximately 1,000 to 1,500 complete inspections per year, with a goal of inspecting all units once every three years.

The Division of Housing Code Enforcement lacks the technology needed to perform effectively and efficiently. The over reliance on manual, paper systems requires an excessive clerical staff for daily duties. Most of the Inspectors are computer literate, but simply do not have computers available to enter data. In addition, all current cases are housed in large filing cabinets, and are not available electronically. This makes the process of identifying the status of a given case quite difficult and time consuming.

There is substantial interaction between the Division of Housing Code Enforcement and the Division of Tenant-Landlord Relations in the Department of Housing, Economic Development and Commerce (HEDC). Although the Divisions are not duplicating efforts, there are many efficiencies to be gained by housing them under one roof. To operate effectively, they must remain in constant communication, as Housing Code Enforcement inspections are needed to provide documentation for hearings held by Tenant-Landlord Relations. Tenants are often referred from one Division to another for different parts of the process.

### **Recommended Changes**

Fold the Division of Housing Code Enforcement into the Division of Tenant-Landlord Relations of HEDC. This would allow for a streamlining of administrative work, reduction of management needs, and better communication among the different functions. Specifically, this would allow the downgrading of one Director's position to assistant director, create a second assistant director, and eliminate two clerk typists. In addition, eliminate one supervisor's position while adding one additional inspector. (See the new organizational chart, outlining which positions would be eliminated and/or created by this move.)

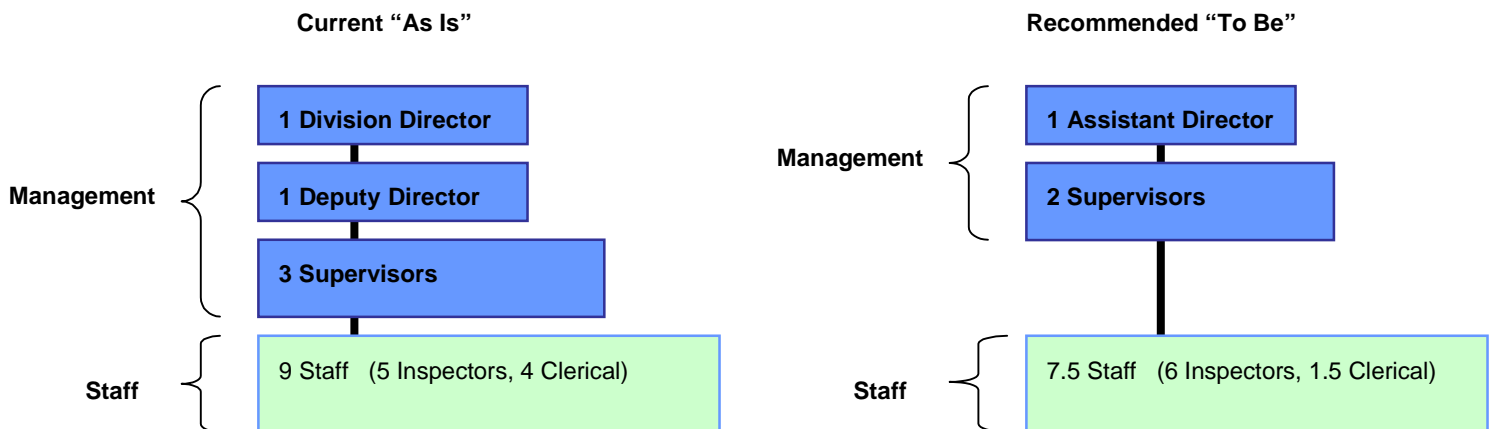
## Rationale

The daily responsibilities of each of the Divisions are so intertwined that it makes little sense to house them separately. In fact, it has only been since 1997 that these functions have been disconnected. Previously, they were housed under HEDC and located across the hall from each other, easing referrals from division to division. Housing these functions under one Director will allow the full tenant complaint process to be managed more effectively and efficiently.

Cost savings will result from personnel changes in the merger as well. In total three full-time positions could be eliminated. The elimination of both the deputy director and one supervisor positions, can be accomplished because there currently is an unjustified manager to staff ratio. The current management to staff ratio is high at 1 manager to 1.8 staff. Under the proposed model, the ratio improves to 1 manager to 2.5 staff.

A large number of the Supervisors' duties within the Division of Housing Code Enforcement currently include the traditional functions of Inspectors. Due to the shortage of inspectors, the supervisors have picked up the extra burden. There is no reason to pay a supervisor's salary to someone largely doing an inspector's job. Therefore, we recommend downgrading one supervisor position to an inspector.

### Division of Housing Code Enforcement Organizational Structure



If technology were more accessible, the number of clerk typists could be reduced. The Division of Tenant-Landlord Relations is now receiving increased technological capacity that could allow inspectors to do their own data entry as needed, eliminating the strong reliance on clerical workers. Currently, Housing Code Inspectors heavily rely on the clerical staff for assistance. This primarily stems from the fact that currently Inspectors do not have access to computers. Given the lack of automation, everything is quite time consuming – from finding the status of a given complaint to writing an inspection report. With the merger, HEDC technology could be made available to the NID Inspectors and would cut down on the time and personnel previously dedicated to paper heavy processes.

Finally, the savings in operating costs would be significant. Currently NID's Division of Housing Code Enforcement is at 325 Palisade Avenue. By moving to HEDC, the new Division will remain in the Tenant-Landlord Relations office, where there is adequate space for both operations to co-locate. Therefore, the City would be able to use this space for other purposes.

## Annual Cost Savings: \$74,364

### Staffing Change: Down 3.5

The primary cost savings from this recommendation will come from the reduced salary needs due to restructuring staff. As the chart below shows, there is a \$74,364 annual savings by implementing this plan. This amount does not include the savings that are expected from freeing up NID office space because it is not immediately clear how the City will utilize this additional space. Also, we do expect that there will be service and operational improvements resulting from the closer working relationship between Landlord-Tenant and Housing Code Enforcement.

Spending/Income Levels for Division of Housing Code Enforcement		
Cost	Current	Recommended
Salaries <sup>226</sup>		
Management	\$242,100	\$200,079
Inspectors	\$178,234	\$213,860
Clerical <sup>227</sup>	\$149,279	\$93,810
Other	\$32,570	\$32,570
Benefits <sup>228</sup>	\$108,000	\$96,000
Materials & Supplies (Line 200) <sup>229</sup>	\$9,000	\$8,500
<b>TOTAL COST</b>	<b>\$719,183</b>	<b>\$644,819</b>
<b>ANNUAL COST SAVINGS</b>		<b>\$74,364</b>

<sup>226</sup> The salary cost will decrease due to the changes in personnel needs of the new Division. Average salaries for classification were used for newly added staff.

<sup>227</sup> Sufficient technology will be accessible to the inspectors in order to allow the cutting of clerical staff.

<sup>228</sup> Average benefits for all City employees is \$6,000

<sup>229</sup> Materials and Supplies cost will decrease from the physical merging of two offices and the computerization of many paper intensive functions.

## **NID3 - Move Division of Neighborhood Management to the Police Department as a Civilian Unit**

### **Description**

The Division of Neighborhood Management is currently one of two divisions housed under the Department of Neighborhood Improvement (NID). The Division Neighborhood Management at one time had a staff of 64 full-time people in addition to seasonal employees. Currently, the Division consists of 15 employees, including the Division Director, Operations Manager, 2 Field Support Staff, 2 Field Supervisors, and 9 Code Enforcement Officers (CEOs).

The Division of Neighborhood Management also manages contract employees from two nonprofit organizations who do manual sidewalk sweeping. The manual sidewalk sweepers are deployed to neighborhood districts similar to the Code Enforcement Officers (CEOs). In addition to sweeping, these employees perform other beneficial functions. They report concerns and/or problems to the CEOs for follow-up and create relationships with residents as well. It assists the neighborhoods and citizens in becoming more conscientious about keeping their property clean and well groomed.

CEOs in the Division of Neighborhood Management actively pursue violations within their assigned districts on a daily basis. Each CEO is assigned to a district (or multiple districts depending on staffing levels) and patrols the area for code violations such as illegal dumping and handbill violations. Using their discretion, they issue warnings and/or tickets for a given violation. The current focus is on abating problems before they become serious neighborhood concerns. In addition to violations, the Division will receive complaints via phone calls, neighborhood association meetings they attend, and/or during the course of the day. It should be noted that NID has been able to produce revenue (such as fines for violations) as well as some cost savings by abating problems that could later become large expenses to the City.

The Division works closely with the Police Department's Neighborhood Task Force Units (NTF). The six NTF units in the City are the result of an effort to become neighborhood focussed and provide some level of community policing. Police officers within these units have recently begun to communicate and coordinate with NID's CEOs, helping to minimize Police Officers' time spent on minor code violations that are within the scope of the CEOs job.

## **Recommended Changes**

Move Division of Neighborhood Management to the Police Department as a civilian unit, creating a new division within the Police Department to house the current functions of the Division of Neighborhood Management. This Division should continue management of The Doe Fund and OCHC. In addition, it could take over the Correctional Program from Jersey City Incinerator Authority (JCIA). The Division should not hire new code officers until there are more efficiency measures in place to determine whether they are necessary.

## **Rationale**

The primary functions of the Division of Neighborhood Management should continue, but there is no reason that it continue with Department status. Moving the Division of Neighborhood Management to the Police Department allows the City to realize cost savings not only from the recommendations to improve performance within the Division, but also to revive a Finance Department that is needed for better City-wide fiscal planning and performance.

Functions of the Division of Neighborhood Management fit well with the Police Department. Specifically, the Division of Neighborhood Management will coordinate more efficiently and effectively with the Neighborhood Task Force (NTF) Officers. This coordination allows a clearer delineation of duties and creates a more cohesive neighborhood focussed effort. Given the synergy between the NTF functions and those of NID, the merger would allow a more efficient and effective management of available City resources towards these goals.

In the future it may be possible to merge the supervisory roles of Neighborhood Management and NTF. They already coordinate within each of the districts across the City. To facilitate more efficient and effective service delivery, merging the management structure should be considered.

## **Cost Savings**

The cost savings associated with this recommendation are difficult to quantify. While, this move will not directly translate into immediately reduced costs, the synergies with NTF and NID will allow the current NID CEOs to be better utilized and will result in better service delivery for the residents of Jersey City. As coordination continues to improve, more functions could be civilianized to extend savings.

## Department of Recreation and Cultural Affairs

Key Facts	
<b>Budget</b>	<b>Employees</b>
\$3.9 million – FY 2000 Adopted Budget	42 permanent/249 seasonal employees – FY 2000
\$4 million – FY 2001 Mayor's Budget	32 permanent/380 seasonal employees – FY 2001
<b>Primary Functions</b>	
<ul style="list-style-type: none"><li>• Coordination of activities and events with City departments and community groups</li><li>• Provision of youth recreational programming</li><li>• Provision of cultural festivals, parades and other related events</li></ul>	

### Description

The Department of Recreation and Cultural Affairs is responsible for a number of functions related to recreation and cultural affairs. There are two Divisions within the Department: Recreation and Cultural Affairs. The Department of Recreation is responsible for all recreational programming for the City's youth.

The Department has a full-time staff of 32. There are at least 11 vacancies within the Department given the recent buyout and the hiring freeze. This has a number of implications. Historically, the Department has relied heavily on the work of seasonal employees. This reliance has only become stronger with the large number of vacancies. Many seasonal (and/or provisional) workers are doing the work of supervisors.

The Division of Recreation runs a number of sports programs as well as operating a number of indoor and outdoor pools, an ice skating rink, and other facilities for after school programming. Sports programs include baseball, basketball, football, golf and many others such as in-line skating. There are also more than 13 after-school programs. The Division is also responsible for coordinating the field schedule for all private sports leagues.

The Division of Cultural Affairs' primary function is to provide programming for all City residents, including flag raising ceremonies, block parties, festivals, art exhibits, fairs, and parades, as well as many smaller events. The Division not only sponsors events, they also co-sponsor events that are either run by other City Departments, neighborhood groups, and/or other private entities. For all events that are planned by outside groups, the Division offers support in the form of guidance and one-on-one help for effective event planning.

Another major part of the event planning function has been the creation and use of the Special Events Package (SEP). This package, which is given out to event organizers includes all of the procedures and necessary permits needed to comply with City regulations. The Special Events Package was created to streamline the permitting process for events on City property,<sup>230</sup> and is one way that the Division acts as the liason between civic organizations and City agencies throughout the permitting and licensing process.

<sup>230</sup> This information was supplied by Maryanne Kelleher (letter w/ SEP).

In addition to the programming offered by both Recreation and Cultural Affairs, the Department also provides other various services. For example, the Recreation Department provides transportation for their own programs and for other City Departments. At times, they also allow outside groups to borrow the buses. The only expense to the groups using the buses is the cost of the bus driver's regular hourly rate. There is no formal process by which groups request use of the buses. It is simply determined case by case whether the buses are available and if the Department (or City) believe that the group is using it for appropriate activities.

Other services include providing a sophisticated sound system, and a portable stage to groups that have events. The large multi-part sound system is used for small events that only require a podium, as well as for very large events that require a large sound board. The Department receives a number of requests from outside groups for the use of this equipment. Neither of these are fee-based services. Instead, the Department incurs the cost in terms of salaries and wages, while Department of Public Works, which provides fleet maintenance, incurs the cost of maintaining the vans, buses and the stage.

The Department is also asked to facilitate planning of other Department's activities. Any activities that are recreational in nature usually involve some participation by the Department. For example, the Department of Recreation and Cultural Affairs helps every year to plan the Senior Affairs picnic. This is a large annual event sponsored by Health and Human Services' Office of Senior Affairs. It involves extensive planning and coordination, which is an expertise area for Recreation. They are also involved in Senior Affairs Shopping Day, busing the seniors with the Department of Recreation buses.

The Department of Recreation also provides funding for a number of nonprofit after school programs in the community. This funding is not distributed through any formal application process. Many of the programs have been funded by the City for years, are dependent on the funding to operate, and continue to be funded without oversight.

## **Findings**

### **Overall Findings**

The Department of Recreation and Cultural Affairs has a large number of programs and events that are run every year. In order to be successful, structure and planning are important keys. The Department has been working hard to achieve efficient and effective operations. Given the nature of the services that the Department provides though, this can be a difficult task.

There are many areas in which the Department of Recreation and Cultural Affairs has been providing services and programming in an effective manner. One area where the Department has proactively found ways to improve effectiveness in their service delivery is with their event planning. Creation and use of the Special Events Package is one example of creative and effective uses of resources. This is a good practice that helps to reduce the risk of badly planned events, including lack of proper permits, low police staffing (in relation to the size of the events), and other various planning problems. The package and all of the permit applications are only available in a hard copy binder. In the future, it would be helpful if this was available online for residents to access.

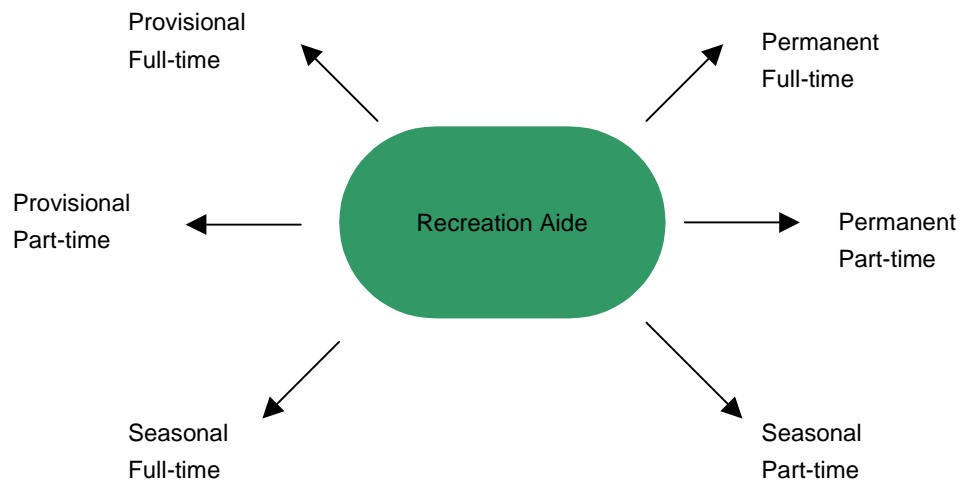
### Separation of Parks from Recreation

One unique feature of Jersey City's structure of the recreation and parks functions is that they are housed in two different Departments. Parks and park maintenance is the responsibility of the Division of Parks with the Department of Public Works, while all programming within the parks is the responsibility of the Division of Recreation. An initial concern was the coordination of efforts between the two Divisions. Any time two Departments are required to work so closely, there are many opportunities for inefficient joint operations. In order to work efficiently, good communication and a clear delineation of responsibilities are necessary. Given this, the Parks Division of DPW and the Recreation Department appear to have a good, working relationship, where the responsibilities of each are delineated clearly. Therefore, we have no evidence, in this situation, that there would be substantial efficiencies gained by combining Parks and Recreation functions under one Department.

### Staffing Issues

Another area of concern surrounds staffing issues. The two major concerns with staffing are the use of seasonal employees for full-time duties and the number of employees that are "working out of title". The large number of vacancies existing at the management level has aggravated these problems. Key positions within the Department, and/or whole functions are either vacant or staffed by people working out of title (see *As-Is Recreation and Cultural Affairs Organizational Chart* in Appendix). Currently, at least five seasonal workers have taken on significant amounts of new responsibilities including management level work. Also, there is a direct correlation between those employees working out of title and the various vacancies found at the management level. Seasonal workers do not receive the same benefits as permanent employees, and if these workers leave as a result, further disruption of operations could occur.

In addition to the seasonal worker problems, there are structural problems with this system as well. Our exploration determined that many employees are "working out of title". The titles given to employees in many cases are not related to the daily responsibilities given to individuals. Frequently employees are working out of title after out growing their old role and responsibilities. The most common example of this is the title of "Recreation Aide". This title improperly covers all types of workers with vastly different functions. As shown on the following page, the title Recreation Aid can improperly cover all classes of personnel.



The Recreation Aide title is used for all seasonal part-time workers, as well as for some full-time permanent staff members that have significant management duties. In some cases, a

Recreation Aide may be managing a number of seasonal workers (all with the title of Recreation Aide).

This type of ambiguity can cause problems in an organization. There is no objective way to determine who reports to whom, or who is responsible for what. This problem is heightened in the Department of Recreation and Cultural Affairs because in several cases people are reporting to people outside the chain of command due to personality conflicts. In the long run this is bound to lead to accountability and morale problems with the staff. As a whole, the Department has tried to make some changes to the current organizational structure but systemic problems may still need to be addressed.

One example of the problems concerning working out of title and increasing the responsibilities of seasonal workers is the current Publicity Coordinator. Publicity is an important role for the Department's success within a given year. The publicity coordinator for the Department is a seasonal employee (see organizational chart). Although, there are many appropriate uses of seasonal employees, acting as publicity coordinator is not one. There is a high risk factor in leaving this professional position to be filled by a seasonal worker. The publicity work that has been done for the Department is of high quality and should be recognized with a full-time permanent position.

We are also concerned about the fact that Recreation does not have any objective way of evaluating whether its services are meeting the needs of the community. One way to determine what programs are meeting the need of the community is through a citizen survey. Currently no surveys are being conducted to identify citizen expectations. The implication is that the Department may be providing a level and type of programming or services that citizens do not want. A survey will identify preferences and the Department can be more responsive to citizen needs and more efficiently and effectively provide services.

Finally, the Department does not charge service fees for any services currently being offered by the Department. This is generally an accepted way to insure that core Recreation and Cultural Affairs services are accessible to everyone in the community. However, in situations where the Department is offering service that only benefit a few, and which are not core to the mission of the Department, and it would be appropriate to charge fees that would at least cover partial cost of its use. Services such as the sound system, the stage, and the buses, are all areas where other municipalities not only charge fees to cover costs, but use them as revenue generators.

### **Detailed Recommendations**

- REC1 - Create and Implement a Citizen Survey
- REC2 - Create Formal Funding Process for Nonprofit After-School Programs
- REC3 - Charge User Fees for Sound System and Show-mobile
- REC4 - Charge Fees for the Use of Buses and Vans
- REC5 - Charge User Fees for Outdoor Fields Used by Private Organizations

## **REC1 - Create and Implement a Citizen Survey**

### **Description**

The Department of Recreation currently offers a number of programs and services through both the Division of Recreation and the Division of Cultural Affairs. The services range from sports programs to fairs and festivals. Although the Division of Cultural Affairs has made some attempt to collect feedback after events, currently there is no systematic way to determine constituents' preferences. The current collection is sporadic and fairly unreliable. Therefore, there is no way to determine whether there are citizen recreation needs that they have not addressed, or if they are devoting too many resources on some of their current programming.

### **Recommended Changes**

Create and implement a citizen survey related to parks and recreation activities. The survey will develop a park and recreation effectiveness measurement system. The citizen survey may be done as a section of an overall service survey of the residents or it can be a stand-alone survey.

### **Rationale**

Citizen surveys are a very popular mechanism of determining citizen preferences in many areas of government services. The Jersey City Free Public Library has already created and implemented a citizen survey. The survey helped to focus the Library's initiatives to improve services and customer satisfaction.

Similarly, by directly asking a statistically significant number of Jersey City residents about their preferences Jersey City can determine if the expenditure of scarce recreation dollars is well spent. The survey data is probably most importantly helpful in determining constituent preferences for the programs and services that are currently offered by the Department. Finally, surveys allow a nonpolitical format for distribution of funding decisions in the area of Recreation and Cultural Affairs.

Often, benchmarking can offer knowledge about the types of quality services that are delivered in 'best practice' communities. Normally, benchmarking data can also be used to form internal goals and determine ways to improve the Department over-time. However, in the area of Recreation and Cultural Affairs, there is sufficient data available on the subject nationwide to benchmark the satisfaction of constituents against similar cities.

### **Projected Investment Needed: \$45,000**

Although there is a cost associated with the citizen survey, the benefits are generally intangible. A citizen survey allows for more efficient and effective spending of funding allocated to the Department of Recreation and Cultural Affairs. We realize that this may be a large initial investment, but it will generally lead to much better service provision and can facilitate future policy decisions. The cost of creating this effectiveness measurement system is approximately \$45,000.<sup>231</sup>

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<sup>231</sup> This estimate is based on the cost of a random digit dial survey recently conducted for Jersey City Free Public Library and other surveys done in similar cities such as Flint, MI and Washington, DC. This figure includes all costs associated with the survey, including data collection and expert interpretation of findings.

## **REC2 - Create Formal Funding Process for Nonprofit After-School Programs**

### **Description**

The Department of Recreation and Cultural Affairs' functions include youth programming. The Division of Recreation runs a number of these after-school programs within the public schools. They also run programs in other City facilities as well. There is a great demand for after-school programs around the City.

There are a number of after-school programs that are run by nonprofit groups independent of the City government. These programs are run by private and parochial schools. Given the nature of the programming it is often difficult for small nonprofit groups to raise adequate funding to run the programs. Previously such support was funded through the Mayor's Office. As the number of groups asking for support grew, it became a large enough expense that the funding mechanism needed to be changed. All funding for such groups is now funneled through the Department of Recreation and Cultural Affairs.

It is also important to note, that one of the reasons that the money is funneled through the Department of Recreation and Cultural Affairs is because these groups are performing functions that are similar to the departmental functions. This would lead us to believe that the Department has expertise in this area and would appropriately be able to determine if the success and/or failure of such programs. This may be true, but the Department currently has no control over the funding of programs. Instead, the Division of Recreation is told, by the Mayor's Office, which programs should be funded and with how much money. This approach to funding causes concern.

### **Recommended Changes**

Create a formal funding process for after-school programs. This should include an application, application review and a performance review for each recipient program.

### **Rationale**

There are two main concerns about the funding of these nonprofit after-school programs:

- There is no formal process by which programs are chosen and awarded funding
- Many of these groups also receive CDBG money funneled through HEDC

These problems have large implications. The first issue concerning the lack of process leaves the door open for unlimited and inappropriate spending. Without a process, it is possible for any group to informally or formally, petition the Mayor and/or City Council for funding. There is also no accountability tied to this funding. Groups who receive funding one year may expect to receive the same amount of funding the following year regardless of program performance. There is also a lack of competition between groups for funding, which undermines the incentive to improve performance over the years.

The second concern is the Community Development Block Grants (CDBG) money is already funding a number of these programs. CDBG money is federal funding through HUD

that is distributed to HEDC. HEDC then is responsible for allocating this money appropriately to various sources. In many cases these sources include the same nonprofit groups receiving funding through the Department of Recreation. There is no central collection of information to show the different sources of funding that the City is currently providing for any given program and no complete account of how much a single organization is receiving from the City at one time. It is possible that more programs could receive funding if the receipt of CDBG and Department of Recreation and Cultural Affairs grants became mutually exclusive. At the very least, this information is helpful in the decision making process of deciding who will receive funding and how much they should receive.

### **Cost Savings**

The potential savings and improvements come from the formalized funding mechanism. First, this is a good practice that should be implemented whenever funds are being distributed in the form of a grant. This new mechanism allows for a better handle on the funds that are distributed. It also may lead to better service provision by the nonprofit groups receiving the funding. If this continues, there may be a shift in demand for after-school programs in the long run. Nonprofit groups often are able to provide such programming at a much lower cost than the City would be able to. Long-term this could lead to less programs being run by the Department of Recreation and Cultural Affairs with an increase in the number of programs offered outside of City government.

## **REC3 - Charge User Fees for Sound System and Show-mobile**

### **Description**

The Division of Cultural Affairs runs cultural events and programs for the residents of Jersey City. A number of summer festivals, ceremonies, and musical events are included among its major functions. In addition to cosponsoring festivals, the Division supports events planned by other City Departments and/or nonprofit organizations within the community. Recently, Cultural Affairs has also received an increasing number of requests for event support from private businesses.

Cultural Affairs' support includes providing a stage, show-mobile and/or a sound system. Cultural Affairs' sound system is sophisticated and easily adaptable to different needs. A podium, public address, and/or an entire sound system are provided for small, mid-size and large events. Cultural Affairs provides personnel to set up and to remain with the equipment throughout the event for all service levels. Currently, the Division of Cultural Affairs does not charge user fees for the use of the sound system. Cultural Affairs receives between 175 to 250 sound system requests per year. Requests from outside the government for the sound system in FY2000 cost the Department nearly \$14,353 in personnel costs alone. This cost accounts for approximately 32% of the total personnel cost of the sound system at \$44,213.

### **Recommended Changes**

Create a rental fee schedule for the sound system, stage and Show-mobile, and charge for events not fully sponsored by the City. This schedule should include a different rate for nonprofit users, cosponsored events (City with nonprofit) and for-profit organizations, reflecting each group's ability to pay, the event's benefit to the City, and costs of providing the sound system and/or the stage or Show-mobile. Consider renting the Show-mobile to non-profits or private citizens for increased revenue when it is not being used for City uses.

### **Rationale**

The sound system service is an increasing and unnecessary expense to the City. The sound system is used not only for City functions, but for multiple events sponsored by private organizations throughout the City. The City will benefit by charging a rental fee to recover a percentage of the total cost of the service. The Division of Cultural Affairs sends event organizers a packet of information listing event service fees. Currently, the City provides limited security but charges fees for additional police, a fire inspector, and other municipal services. The sound system rental fee schedule could easily be included in the event information package provided to event organizers.

## Annual Revenue Increase: \$6,085

The sound system has explicit costs to the Department of Recreation and Cultural Affairs that can be easily offset by the introduction of user fees. Below is a conservative illustration of the savings that may be gained by charging fees for the sound system.

Costs of Sound System Use of Outside Requests (FY 2000)	
Type of Service	Current Wage Cost
Podium <sup>232</sup>	\$135
PA System <sup>233</sup>	\$1,383
Large System <sup>234</sup>	\$12,834
<b>TOTAL WAGE COST</b>	<b>\$14,353</b>

It is also possible to bring in new revenues for the use of the Show-mobile. Many other cities use their Show-mobile as a way to raise revenue. The fees charged in similar Cities range from \$250/day to \$400/day for the use of the Show-mobile.<sup>235</sup> There are a number of factors that can be considered when creating a fee schedule. One example is subsidizing the use of the Show-mobile by nonprofit organizations for charitable events with the use by private citizens and private groups.

Annual Revenue from Sound System Use (FY 2000)	
Type of Service	Potential Revenue
Podium <sup>236</sup>	\$210
PA System <sup>237</sup>	\$1,275
Large System <sup>238</sup>	\$4,600
<b>ANNUAL REVENUE INCREASE</b>	<b>\$6,085</b>

<sup>232</sup> This figure is based on the seven podium requests received in FY2000. The proposed fee for the podium is \$30. The calculation also relies on the average number of employees and average number of hours needed to run the podium. On average, this system requires one employee for two and one half hours.

<sup>233</sup> This figure is based on the 17 PA system requests received in FY2000. The proposed fee for the PA system is \$75. The calculation also relies on the average number of employees and average number of hours needed to run the PA system. On average, this system requires one and a half employees for seven hours.

<sup>234</sup> This figure is based on the 46 large system requests received in FY2000. The proposed fee for the large system is \$100. The calculation also relies on the average number of employees and number of hours needed to run the large system. On average, the large system requires four and one half employees for eight hours.

<sup>235</sup> Cities used in these benchmarks include Newark, NJ, Middlesex County, NJ, Essex County, NJ and Norfolk, VA.

<sup>236</sup> This figure is based on the seven podium requests received in FY2000. The proposed fee for the podium is \$30. The calculation also relies on the average number of employees and average number of hours needed to run the podium. On average, this system requires one employee for two and one half hours.

<sup>237</sup> This figure is based on the 17 PA system requests received in FY2000. The proposed fee for the PA system is \$75. The calculation also relies on the average number of employees and average number of hours needed to run the PA system. On average, this system requires one and a half employees for seven hours.

<sup>238</sup> This figure is based on the 46 large system requests received in FY2000. The proposed fee for the large system is \$100. The calculation also relies on the average number of employees and number of hours needed to run the large system. On average, the large system requires four and one half employees for eight hours.

## REC4 - Charge Fees for the Use of Buses and Vans

### Description

The Department of Recreation has nine vans and seven buses that it uses to transport people for its own programs and events and other City Department events. They even allow nonprofit and other private groups to use the buses for separate events. The vans currently cannot be used for the transportation of public school children due to increased safety standards, although other groups may use them for children and adults. The Department of Recreation and Cultural Affairs has priority use of the buses, but is also responsible for the coordination of all other uses of the buses (both other City Departments and non-governmental uses).

Nonprofit and private users account for over one-third of the bus trips each year. In FY 2000, nonprofit groups used 168 buses and eight vans for transportation to various events. This was 34% of the total usage of the buses. The only expense these groups reimbursed the Department for is the salary of the drivers. In the case of non-governmental uses of the buses, the outside organization is required to pay for the hourly wage of the driver, between \$10/hr to \$15.62/hr. Maintenance costs are paid for by the Department of Public Works (DPW), as is the case for fleet maintenance across the City. Therefore, it is easy to mistake the true costs associated with offering such a service to the community.

### Recommended Changes

Create a fee schedule and charge nonprofit and private groups for the use of the buses and vans. We recommend at least \$75 per bus and \$50 per van.

### Rationale

The total cost of providing these buses is most likely higher than the fee that will be charged to the outside groups. Therefore, these fees are a way of subsidizing the actual costs. While we believe that providing buses and vans to non-governmental groups for free is a luxury Jersey City cannot afford, it seems reasonable to offer this service, at a much lower price than it would be offered in the private sector. Private sector prices range from \$210 to \$350 for in-town trips within Jersey City.<sup>239</sup> Therefore, the service is still being provided, just not at a complete cost to the City. This relatively small fee will at least prevent the organizations from abusing this service for frivolous trips at the City's expense.

### Annual Revenue Increase: \$13,000

We believe that these fees will generate approximately \$13,000 in revenue a year for Jersey City. This is based on our assumptions that the FY 2000 usage by the private groups will remain the same even with the new fees. We also assume that average rentals were 4-5 hours in length and were solely local, in-town trips. See the table on the following page for more information.

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<sup>239</sup> Based on benchmarks of private charter bus companies within Jersey City. This is for 54 passenger school buses for 4-5 hour time periods.

Potential Revenue Sources		
Revenue	Current	Potential
Revenue from bus user fees	\$0	\$12,600
Revenue from van user fees	\$0	\$400
<b>ANNUAL REVENUE INCREASE</b>	\$0	\$13,000

## **REC5 - Charge User Fees for Outdoor Fields Used by Private Organizations**

### **Description**

The Department of Recreation and Cultural Affairs is responsible for providing recreational programming. In addition to providing its own programming, the Division of Recreation also coordinates field and indoor recreational area usage. The Division receives well over 100 requests per year for outdoor field usage. These requests come from many nonprofit groups, associations as well as public and charter schools. In addition to these groups, in recent years the Division of Recreation also began receiving requests from private corporations and businesses. Private firms currently account for approximately 20% of the total annual requests. Neither these private corporations, nor the nonprofit groups pay any user fees. The number of corporate requests has increased 10% in the last year, the Division of Recreation correlates this with the influx of new businesses to Jersey City.

Jersey City has begun to charge user fees for the use of the new community centers being built around the City. These centers are currently managed by Jersey City Redevelopment Agency (JCRA). JCRA has created a fee schedule and charges for the use of the indoor recreational areas. Currently, the Division of Recreation does not have indoor courts similar to those controlled by JCRA. Any indoor facilities used by the Division of Recreation are used through cooperative agreements with the Board of Education.

### **Recommended Changes**

Charge user fees to private corporations for the use of outdoor fields.

### **Rationale**

There is a new influx of businesses that will continue to increase the demand for recreational facilities. Even with modest facility charges, businesses will still find it advantageous to use the public courts and fields. Also, this is a way of raising revenue without increasing costs to nonprofit organizations. Charging user fees will allow the subsidizing of other desirable City or nonprofit-run activities. Finally, this is an area where most cities, at the very least, charge private users for the use of facilities.<sup>240</sup> For softball fields the range of user fees are \$20 per three-hour block to \$35 per four-hour block.<sup>241</sup>

### **Annual Revenue Increase: \$4,800**

There are a number of costs associated with providing these fields for private use. The Department of Public Works (DPW) currently is responsible for all maintenance costs associated with the fields, while the Division of Recreation is responsible for all administration related to scheduling. Therefore, the \$4,800 will help to offset these costs and should not be considered pure revenue. See the table on the following page for more information.

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<sup>240</sup> This was benchmarked against similar cities and other New Jersey municipalities including: Norfolk, VA, Cincinnati, OH, Lubbock, TX, Newark, NJ, Middlesex County, NJ, and Essex County, NJ.

<sup>241</sup> Also, many of the municipalities increased the rates for night games requiring lighting.

Potential Revenue Source	
Number of total field requests <sup>242</sup>	240
Recommended User Fee (per three hour block) <sup>243</sup>	\$20
<b>ANNUAL REVENUE INCREASE</b>	<b>\$4,800</b>

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<sup>242</sup> The total number of field requests is based on calendar year 2000 figures. This figure also includes multiple usage.

<sup>243</sup> Most cities charge by three or four hour blocks of time. \$20 per three-hour block is also used by Newark, NJ.

# **Review of the Personnel Management Project for Jersey City**

## **Description**

The State has simply asked us to review the personnel management project report that was completed last year. This report provides specific findings and recommendations for the personnel management operations and the various processes and sub-processes in the functional areas of human resources management.

From a procedural standpoint the findings and recommendations provide explicit guidance and suggestions relative to a whole host of normal personnel processes. There is not any need to restate these specific findings and recommendations for they stand on their own merit. However, we believe that it is important to provide some additional suggestions on what next steps that Jersey City should take relative to its personnel management practices.

## **Recommendations**

Below are our specific suggestions in the areas of workforce planning, succession planning, recruitment strategies and labor relations. We have also listed some other issues that Jersey City may want to consider.

### **Workforce Planning**

The personnel management report did not address whether the Jersey City personnel office engaged in any type of workforce planning activity. This type of activity would include such initiatives as aligning workforce needs with changes in shifting priorities within each department and agency. For example, if changes in program direction resulted in a shift in the number, level and skill mix of the workforce, the personnel department should be taking the lead to determine the capability of the particular department or agency to satisfy this need. In such a situation, the personnel department could:

- Conduct staffing and workforce distribution studies to determine the number of positions or full time equivalents that are necessary to fulfill the program requirements.
- Identify the required skills and competencies to fulfill these new requirements and make a determination whether the existing workforce possesses the capacity to fulfill these requirements.
- Make recommendations on how the workforce can acquire the requisite skills and competencies or identify alternative sources to fulfill this requirement.
- Conduct reviews and identify training and development needs that are aligned with program and departmental requirements.

### **Succession Planning**

We recognize that the review addressed primarily operational and process issues. Yet, another key to organization success is the need to project future workforce needs. Without any data concerning the age of the workforce, retirement eligibility and other demographic information it was not possible to determine whether the Jersey City government has a potential problem looming on the horizon relative to institutional knowledge and succession

planning. However, it is probably safe to assume that Jersey City is not any different from most organizations today, both public and private, which are faced with a potential “knowledge or brain drain” crisis.

The City needs to determine whether they have adequately planned for future human resource needs. In order to begin this process, they should:

- Complete a review of the workforce and determine the retirement eligibility over the next five years.
- Based on this review, examine critical occupations to determine where the highest impact will occur.
- Once the impact has been determined, develop and implement an aggressive succession planning process to assure that critical City services will not be impacted in the future.

### **Recruitment Strategies**

Based on the information provided in the report, it does not appear that recruitment strategies are in place. It appears that personnel requests are made and processed. Tables of Organization are not updated on a regular basis. If they are reviewed the review process does not appear to be rigorous. One of the keys to success in organizations is their ability to recruit qualified candidates quickly. Without any recruitment strategies it is difficult to be responsive to individual staffing needs. Recruitment strategy development goes hand in hand with workforce planning and succession planning. Integrating these three programs will help to improve the time frames for filling positions as well as improve the quality of the candidates.

Recruitment strategy development should include activities such as:

- Identifying critical positions over a period of time to be filled and identify the recruitment vehicles that would best satisfy these recruitment needs. These might include job fairs, college campus visits, internet based recruitment and other vehicles.
- Review the skills and competencies of the existing workforce to determine whether reassignments within will satisfy recruitment need.
- Develop and implement intern or cooperative education programs to satisfy short-term staffing needs.
- Develop and implement a short-term applicant pool through the use of temporary services to satisfy short-term staffing needs.
- Develop and implement upward mobility programs to satisfy future staffing needs.

### **Labor Relations**

The report described concerns about the negotiation process especially in the area of “costing” the impact of labor contractual agreements. Labor contracts can have a significant impact on not only costs but also have an impact on operations as well. We recommend that each labor contract be reviewed for such items as the following:

- What provisions are made for overtime, portal to portal pay, differential pay, and hazardous duty pay?
- What provisions exist in the contracts concerning benefit packages?
- What provisions exist in the contracts about working conditions, including how positions are filled, reductions in force, layoffs, changes in tours of duty, etc?
- What provisions exist in the contract concerning performance evaluations and reviews?

- What provisions exist that impact overall operational issues within departments and agencies?

These items given above are just some examples of how union contracts can impact operations, which ultimately will often have a financial impact as well. The important aspect in this case is that the contract provisions need to be reviewed to determine what, if any impact the various provisions have on operations as well as determining the costs of these various provisions.

#### **Other Considerations**

The overall report has a number of specific findings and recommendations that require concerted follow up activities. To facilitate a successful implementation, the personnel department should do the following:

- Put tracking systems into place to assure that the recommendations are being implemented.
- Require the personnel department to submit a work plan and plan of action to address each of the recommendations.
- Put incentives into place to assure compliance with the recommendations.
- Clarify the roles and responsibilities of the departments, agencies, personnel department and the State department of personnel.
- Commit necessary financial resources (in terms of dollars or FTEs) to the personnel department to assure that they have the capacity to implement these recommendations.

## Department of Health and Human Services

Key Facts	
<b>Budget</b>	<b>Employees</b>
\$3 million – FY 2000	74 employees – FY 2000
\$2.6 million – FY 2001	67 employees – FY 2001
<b>Primary Functions</b>	
<ul style="list-style-type: none"><li>• Manage public health clinics and programs</li><li>• Promote community awareness of public health issues</li><li>• Provide senior citizens with activities</li></ul>	

### Description

The City of Jersey City, Department of Health and Human Services (DHHS) is the primary vehicle for the delivery of essential public health services to the residents of Jersey City. In addition, DHHS manages the federally funded Women, Infant, and Children Program and provides the following services:

- Lead Poison and Immunization Clinic
- Preventive Medicine Clinic
- Sexually Transmitted Disease Clinic
- Tuberculosis Clinic – based on a contract with Hudson County
- Activities for Senior Citizens
- Health Fair
- Medical Identification Program
- Pre/Post Natal Clinic

The Department provides these services through four operating Divisions:

- Office of Senior Affairs
- Health
- Clinical Services
- AIDS Education

### Findings

#### Overall Findings

Unlike our work in other areas of Jersey City government, Andersen was asked to simply scan DHHS at a high level. We met once with the Director of Health Services and the Division heads, each of whom gave us a verbal overview of their areas. Although DHHS is the primary agency for delivering essential public health services to the residents of Jersey City, staff could not provide us with a written list of those services. Like many other City agencies, DHHS did not appear to have a strategic plan.

Although DHHS personnel seem committed to their work, we are concerned that their credentials may not parallel their counterparts at other City health departments in New

Jersey. For example, Jersey City's employees working as Nursing Directors/Supervisors have earned degrees no higher than Bachelor of Science (BS) compared to a Master of Science Nursing (MSN) degree for similar workers in Newark. The Jersey City Director of Health Education's highest degree earned is a Bachelor of Arts (BA) compared to a Master of Public Administration (MPA) degree earned by a counterpart in Newark. We recognize that experience often is equal to if not more important than educational degrees. However, in specific fields such as health where technical knowledge and industry best practices are evolving rapidly with new science, education is an important factor to consider in measuring performance.

DHHS staff voiced that the agency is understaffed, which is similar to our findings in other Departments in Jersey City. But without further research and benchmarking to compare Jersey City to health departments in other municipalities we cannot speak to this issue directly.

In an effort to improve customer service, many public health agencies are reorganizing to effectively deliver services to citizens. Increasingly, an integrated approach is being taken to the delivery of services as opposed to each agency providing citizens with separate healthcare services. In addition, public-private partnerships are proving beneficial to achieving efficiencies in health care delivery. Outsourcing specific aspects of health services is not only cost effective but also ensures better service. In order to ascertain the best model for health service delivery in Jersey City, further study is needed of DHHS.

#### **Miscellaneous Findings**

- The Department of Health relies on the State of New Jersey to monitor the competence of the Jersey City health care work force. DHHS does not have a program to monitor the competence of the healthcare workforce.
- DHHS does not have a coordinated effort to inform the public of the programs that are sponsored by DHHS. Rather, each Director develops individual community outreach programs. A centralized community outreach operation would improve the effectiveness of Division Directors and increase public awareness about programs. In addition, a public relations professional could help design an effective community outreach program. Ultimately, increased public participation resulting from these efforts will increase the cost effectiveness of the programs that DHHS operates.
- DHHS does not have an office that is responsible for the preparation of grants; rather, Directors are responsible for identifying and preparing grant applications and frequently learn about grants by word of mouth. Most of the grants that DHHS receives currently are recurring grants that do not require the submission of subsequent applications. The creation of an office within DHHS or the combining the DHHS grant writing function with a similar function in another Jersey City office would likely increase revenue to DHHS and improve overall efficiency.

#### **Detailed Recommendations**

- HHS1 - Move the Office of Senior Affairs to the Department of Recreation and Cultural Affairs

## **HHS1 - Move the Office of Senior Affairs to the Department of Recreation and Cultural Affairs**

### **Description**

The Office of Senior Affairs is one of four Divisions in the Department of Health and Human Services. The Senior Affairs Division employs six full-time and two part-time personnel and its main purpose is to provide programming for senior citizens. Most of the activities sponsored for senior citizens are recreational, including monthly trips to movie theatres, shopping trips, and local group outings.

The Senior Affairs Division sponsors some events that involve the coordination of other City Departments. One example of this is the Annual Picnic. The Division relies heavily on the expertise of the Department of Recreation and Cultural Affairs for event planning for the Annual Picnic as well as other various events throughout the year. Coordination between the two Departments is sometimes as simple as borrowing Department of Recreation buses for transportation to and/or from Office of Senior Affairs' activities and events. The Department of Health and Human Services also has a number of buses used for transportation of seniors to various events.

At times, buses from the New Jersey Transit Authority are also utilized or the Division contracts for the rental of buses to provide transportation to activities. However, when trips are co-sponsored with others, DHHS usually pays full transportation bills. For example, in FY2000, the Division worked with 63 senior organizations to co-sponsor events, costing Jersey City \$23,750. The organizations are not charged for the cost of the buses.

In addition to these co-sponsored events, the Division also sponsors group trips and activities independent of these organizations. These events include annual trips to Atlantic City and the Annual Picnic. Separate costs are associated with these activities, and transportation costs are among the largest incurred for these programs. For example, a total of 104 buses were rented for trips to Atlantic City at a cost of \$46,800, while 34 buses were rented to transport seniors to the Annual Picnic in Liberty State Park at a cost of \$8,500.

### **Recommended Changes**

Move the Office of Senior Affairs from the Department of Health and Human Services to the Department of Recreation and Cultural Affairs.

### **Rationale**

Given the nature of the programming offered and the inherent relationship that exists between the Office of Senior Affairs and the Department of Recreation and Cultural Affairs, there are certainly efficiencies to be gained by the move. For example, housing all event planning and recreational activities in one Department will lead to better coordination of events across the City. It may also allow better planning of bus use for the various activities, resulting in less need to rent buses from New Jersey Transit Authority. If large events are planned and scheduled in coordination with one another, then it will be possible to make

sure that the buses currently used by Recreation and Cultural Affairs and those used by the Office of Senior Affairs can be available and utilized in a more efficient manner.

### **Cost Savings**

While cost savings cannot be projected in detail, it seems clear that moving the Office of Senior Affairs will result in some efficiencies in terms of usage of staff for event planning. Another benefit would be reduction in the number of private rental buses needed with improved coordinated scheduling.

## Conclusion

Jersey City faces significant management challenges. In the next few years, Jersey City leaders will have to make difficult decisions in order to become an efficient and effective municipal government.

## Recommendations

To take steps towards a healthy fiscal outlook, we believe that Jersey City needs to reduce costs, generate additional revenues and make needed investments. If Jersey City implements our recommendations, they should be able to **cut annual spending by over 3.8 million** per year and **increase annual revenue by nearly \$1.5 million** and, through service provision reorganization efforts, the City could **reduce the number of personnel equal to 124.5 full time employees**. The total dollar value of implementing these recommendations should reduce the City's operating deficit by nearly one-third.

In addition to cutting costs and enhancing revenue, Jersey City needs to fundamentally reform their operating model and invest in basic infrastructure. We believe that Jersey City must:

- undertake comprehensive strategic planning for the City;
- fundamentally restructure parts of its operations;
- develop a performance management system;
- implement a full cost allocation system; and
- upgrade financial management systems and processes.

While planning and restructuring will require significant financial resources, the greatest challenge to implementing these recommendations will not be monetary. The most difficult challenge will be to generate and sustain the commitment of the City's leadership to undertake these projects and create the climate where these changes are encouraged and supported in a consistent manner over a substantial period of time.

In addition to implementing these overarching planning and cultural changes in City operations, we also believe that Jersey City must make a number of key investments immediately. These investments are necessary for Jersey City's modernization and will enable the City to achieve the annual savings and revenue increases discussed in this report. Key investments include an automated purchasing system, a comprehensive financial management system, updated street signs reflecting new street sweeping schedules, GIS implementation City-wide, and replacement of a manually operated elevator in the Main Library. It is difficult to estimate the exact cost of these investments, but we believe these efforts may cost \$3 million or more.

To generate funds for these significant investments (as well as planning and reorganization activities described in this report), Jersey City might consider using the one-time revenue it receives from selling a percentage of its existing surplus land inventory. If the City sells 10% of their existing portfolio (which we believe is a conservative estimate) for the assessed value of the property, it could generate **over \$5.2 million in revenue**.

## **Implementation**

Recommendations, no matter how well received, remain useless if they are not implemented. A number of the recommendations in this report are easy to implement while others are much more complex. Successful implementation of these recommendations will require the following:

- an ongoing commitment from City and departmental leadership
- a strong, detailed, and realistic implementation plan
- an understanding of and willingness to invest in change-enablement
- an ongoing evaluation of the new direction and adjustment as needed

Without strong commitment, a solid plan and ongoing evaluation some of these recommendations may never bear fruit. This is especially true for politically sensitive recommendations. We hope the City of Jersey City Administration will give these recommendations the necessary support in order to realize longterm progress.

Jersey City should also consider outsourcing the implementation of some of the recommendations included in this report. For example, an outside firm could assist with the sale of the surplus properties by developing guidelines for determining which properties should be sold and by helping to package the properties. With the large number of properties in the City's inventory and their large projected cash value, the potential time saved or value added by hiring a contractor would be well worth the investment.

## **Further Areas for Study**

Andersen's scope of inquiry in this project was limited to the areas that the State felt were the most likely to generate helpful recommendations. However, in addition to the help that the City will need implementing the recommendations in this report, we believe that there are many more areas for improvement to be found in Jersey City. During our review, we came upon the following stated areas where we think that additional study might produce substantial results for Jersey City.

### **Law Department**

The Law Department is a comparatively small department in Jersey City with an approximate annual budget of \$3 million. As we reviewed other departments and authorities, we found inconsistent approaches to performing legal work Citywide. Some departments and authorities use the Law Department, while others hire outside lawyers. We recommend an analysis of how Jersey City uses its legal resources and budgets.

### **Risk Management**

We found a widespread lack of risk management planning and conceptual understanding of risk issues in various departments and authorities. It is difficult to assess whether or not Jersey City attempts to manage risk on a systemic basis. For example, both the Departments of Public Works and Recreation that maintain and use recreational facilities are affected by new national playground safety standards that require playgrounds to use newer, safer materials. While the cost of renovation of existing playgrounds may be high, from a risk management perspective, spending this money might actually save dollars by limiting the City's exposure to lawsuits. We believe that the City would benefit from a careful analysis of how risk is managed across Departments and Authorities.

**Municipal Utilities Authority (MUA)**

From a financial perspective, MUA is one of the largest governmental entities in Jersey City. If the operational structure and functionality of JCIA and JCPA are mirrored in MUA, an assessment of MUA may prove as valuable as it was for these two other Authorities.

**Department of Health and Human Services (DHHS)**

Andersen was asked to conduct a high-level scan of the health services provided by DHHS. Based on our observations during our very brief review of this area, and from comments made by others in the Jersey City government, we have reason to believe that some efficiencies could be found in the operations at DHHS through a deeper analysis.

**Department of Public Works (DPW)**

While DPW was not on our list of departments to review, our work in several of the cross cutting areas gave us some limited insight into DPW's operations including fleet management and property maintenance. DPW is emerging from a troubled history, but staff in other City functions report a lack confidence in DPW operations. Our limited exposure to DPW leads us to believe that a more detailed analysis is warranted.

**Fire and Police Department Procurement Systems**

Andersen conducted an evaluation of Jersey City's procurement system that resulted in several recommendations that we believe will substantially improve performance and efficiency. However, the Fire and Police Departments' procurement process are generally done outside the Division of Purchasing for the City. These procurement operations are quite large and currently operate without much oversight. We believe that a close look at these operations could produce significant cost savings.

**Mailroom and Printing Operations**

Neither the mailroom nor printing operations were on Andersen's list of areas to review. However, several staff in Jersey City government suggested that these areas might function better if outsourced in order to find further savings. We recommend investigating this issue further.

## Appendix

Recommendation Spreadsheet

Meeting List

Developing a Performance Measurement Framework

Jersey City Property Spreadsheets (Vacant Land, Vacant Buildings, Occupied Buildings,  
and JCRA-Owned Land)

Jersey City Tax Abatement Data

HEDC Tables

Library Circulation Statistics

As-Is HEDC and NID Division Organizational Charts

To-Be HEDC/NID Organizational Chart

Current Jersey City Procurement Process

Recommended Jersey City Procurement Process

Department of Recreation and Cultural Affairs – As-Is Organizational Chart

Source Documentation

## Recommendation Spreadsheet\*

Name of Recommendation	Annual Operating Cost Savings	Annual Increase in Revenues	Net Change in Number of Employees
<b>Cross-Cutting Issues</b>			
Consolidate Fleet Management and Maintenance Functions			
Consolidate Snow Removal Efforts			
Overhaul Street Sweeping	\$463,418		(6)
Implement a Standard Financial Management System			
Conduct a Citizen Survey			
Conduct an Energy Audit	\$184,903		
<b>Total Cross-Cutting</b>	<b>\$648,321</b>	<b>\$0</b>	<b>(6)</b>
<b>Division of Purchasing and Central Services</b>			
Automate and Reengineer the Procurement System	\$677,686		1
Online Purchasing and Procurement Card Usage			
Outsource Security Services	\$114,943		(18)
Outsource Facility Maintenance	\$115,000		(6)
Outsource Courier Services	\$147,686		(9)
Transfer Responsibility Over Library's Purchasing			
Outsource Services at the Authorities			
<b>Total Division of Purchasing &amp; Central Services</b>	<b>\$1,055,315</b>	<b>\$0</b>	<b>(44)</b>
<b>Division of Real Estate</b>			
Create an Office of Property Management			
Reduce the Number of Surplus Properties Withheld from Sale			
<b>Total Real Estate</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>
<b>Tax Abatements</b>			
Use Accurate Municipal Cost Figures in Fiscal Impact Analysis of Non-Residential Tax Abatement Applications			
Use Marginal Costing Instead of Average Costing when Determining Fiscal Impact on Large Projects			
<b>Total Tax Abatements</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>
<b>Department of Housing, Economic Development, and Commerce (HEDC)</b>			
Consolidate Code Enforcement in One Central Location	\$134,000		
Combine Zoning and Construction Code Enforcement under one Division Director	\$109,000		(2)
Automate the License and Permit Process			
Increase License Fees		\$193,900	
Relocate Agencies to Less Valuable Real Estate			
Disband the Bureau of Vacant Buildings	\$124,224		(2)
Implement Geographic Information System (GIS) City-Wide			
Ensure Adequate Staffing Levels for Federal and State Grants and Program Oversight			5
<b>Total HEDC</b>	<b>\$367,224</b>	<b>\$193,900</b>	<b>1</b>

## Recommendation Spreadsheet\*

Name of Recommendation	Annual Operating Cost Savings	Annual Increase in Revenues	Net Change in Number of Employees
<b>Jersey City Redevelopment Agency (JCRA)</b>			
Implement New Property Review Process and Sell Excess Property			
Transfer the Community Center's Event Coordination to the Department of Recreation and Cultural Affairs		\$20,000	
Supplement Staff or Recruit Volunteers to Run Community Centers			
Eliminate One Messenger Position	\$31,000		(1)
<b>Total JCRA</b>	<b>\$31,000</b>	<b>\$20,000</b>	<b>(1)</b>
<b>Jersey City Incinerator Authority (JCIA)</b>			
Outsource Demolition Function			(6)
Outsource Property Maintenance Function			(15)
Charge Fees for the Container Service	\$158,044	\$75,000	(2)
Downsize the Graffiti Removal Program and Charge Fees for Service	\$100,166	\$125,000	(2)
Increase Car Pound Capacity and Use		\$20,000	
<b>Total JCIA</b>	<b>\$258,210</b>	<b>\$220,000</b>	<b>(25)</b>
<b>Jersey City Parking Authority (JCPA)</b>			
Implement Financial and Managerial Controls			
Reduce Manager to Staff Ratio in Division of Enforcement	\$247,485		(6)
Outsourcing the Maintenance and Management of Parking Lots	\$549,850	(\$43,500)	(27)
Modify PEO Job Descriptions to Include Electronic Ticketing	\$48,000	\$557,692	
Modify Towing Process	\$10,077	\$14,131	2
<b>Total JCPA</b>	<b>\$607,927</b>	<b>\$528,323</b>	<b>(31)</b>
<b>Jersey City Free Public Library</b>			
Eliminate the Community Awareness Series	\$247,528		(3)
Streamline Library Management and Operations	\$134,632	\$500,000	(4)
Close Under-Used Libraries	\$195,648		(5)
Renovate and Charge User Fees for Library Auditoriums and Other Space		\$20,800	
Replace the Main Library's Manually Operated Elevator with an Automated Model	\$68,307		(2)
Outsource Courier Services	\$44,839		
<b>Total Library</b>	<b>\$690,954</b>	<b>\$520,800</b>	<b>(14)</b>
<b>Department of Neighborhood Improvement (NID)</b>			
Disband the Department of Neighborhood Improvement	\$116,000		(1)
Merge Division of Housing Code Enforcement (Division of NID) with Tenant-Landlord (Division of HEDC)	\$74,364		(3.5)
Move Division of Neighborhood Management to the Police Department as a Civilian Unit			
<b>Total NID</b>	<b>\$190,364</b>	<b>\$0</b>	<b>(4.5)</b>

## Recommendation Spreadsheet\*

Name of Recommendation	Annual Operating Cost Savings	Annual Increase in Revenues	Net Change in Number of Employees
<b>Department of Recreation and Cultural Affairs</b>			
Create and Implement a Citizen Survey			
Create Formal Funding Process for Nonprofit After-School Programs			
Charge User Fees for Sound System and Show-mobile		\$6,085	
Charge Fees for the Use of Buses and Vans		\$13,000	
Charge User Fees for Outdoor Fields Used by Private Organizations		\$4,800	
<b>Total Recreation</b>	<b>\$0</b>	<b>\$23,885</b>	<b>0</b>
<b>Human Resources</b>			
Review of the Personnel Management Project for Jersey City	<b>\$0</b>	<b>\$0</b>	<b>0</b>
<b>Department of Health and Human Service</b>			
Move the Office of Senior Affairs to the Department of Recreation	<b>\$0</b>	<b>\$0</b>	<b>0</b>
<b>TOTAL CITY-WIDE</b>	<b>\$3,849,315</b>	<b>\$1,506,908</b>	<b>(124.5)</b>

\* Includes data only where firm estimates are possible.

## List of Meetings

Date	Agency/Department	Attendees with Arthur Andersen Team
<b>October 24, 2000</b>	Office of the Mayor	Laurie Cotter (Business Administrator) Tom Gallagher (Chief of Staff)
	Procurement and Purchasing Department	Ramon Tolentino (Director) Peter Folgado (Assistant Purchasing Agent)
<b>October 26, 2000</b>	Jersey City Incinerator Authority	Norman Guerra (Executive Director)
	Jersey City Parking Authority	Carmine Venezia (Executive Director) John Folk (Chief Financial Officer)
	Housing, Economic Development & Commerce	Annemarie Uebbing (Executive Director)
<b>October 27, 2000</b>	Jersey City Redevelopment Agency	Paul Hamilton (Executive Director)
	Jersey City Free Public Library	Al Cameron (Chief Financial Officer) Fran Ware (Head of Operations) (LSSI)
<b>November 2, 2000</b>	Jersey City Parking Authority (re: Procurement)	Carmine Venezia (Executive Director)
<b>November 3, 2000</b>	Jersey City Library Authority (re: Procurement)	Al Cameron (Chief Financial Officer) Fran Ware (Head of Operations) (LSSI)
<b>November 6, 2000</b>	Municipal Utilities Authority (re: Procurement)	William Macchi (Executive Director) Kevin Carr (Purchasing Agent) Joseph Beckmeyer (Chief Engineer)
	Jersey City Incinerator Authority (re: Procurement)	Norman Guerra, (Executive Director) William Rooney (Purchasing Agent)
<b>November 14, 2000</b>	Jersey City Parking Authority	John Folk (CFO) (via conference call)
<b>November 16, 2000</b>	Jersey City Parking Authority	John Folk (CFO) (via conference call)
<b>November 17, 2000</b>	Jersey City Parking Authority	John Folk (CFO) (via conference call)
<b>November 27, 2000</b>	Division of City Planning (HEDC)	Robert Cotter (Director)
<b>November 28, 2000</b>	Jersey City Municipal Court	Martin Dolan (Director)
	Div. of Housing Code Enforcement (NID)	Ed Coleman (Director)
	Office of Management and Budget	Gregory Corrado (Office of the Mayor)
<b>November 29, 2000</b>	Jersey City Incinerator Authority	Norman Guerra (Executive Director) (via conference call)
	Div. of Neighborhood Management (NID)	Charles Callari (Director) (day-long visit)
	Dept. of Neighborhood Improvement (NID)	Maureen Corrado (Director)
<b>December 1, 2000</b>	Tax Assessor's Office	Steve Skrocki (via conference call)

<b>December 4, 2000</b>	Tax Assessor's Office	Steve Skrocki
	Informal Tax Abatement Committee	Annemarie Uebbing (HEDC), Tom Gallagher (Mayor's Office), Laurie Cotter (Business Administrator), Steve Skrocki (Tax Assessor's Office), Corporation Counsel, City Council Member
<b>December 5, 2000</b>	Housing, Economic Development and Commerce (HEDC)	Annemarie Uebbing (Director)
<b>December 8, 2000</b>	Jersey City Redevelopment Authority	Paul Hamilton (Director) (day-long visit)
<b>December 11, 2000</b>	Jersey City Incinerator Authority	Norman Guerra (Executive Director and various functional department heads and staff) (day-long site visit)
<b>December 12, 2000</b>	Division of Commerce (HEDC)	Claire Lavache (Director)
	Jersey City Parking Authority	David Lerner (Director of Enforcement) Vito Gogolucci (Director of Operations)
<b>December 13, 2000</b>	Dept. of Neighborhood Improvement	Maureen Corrado (Director) (via conference call)
<b>December 14, 2000</b>	Housing, Economic Development and Commerce (HEDC)	Annemarie Uebbing (Director) (via conference call)
<b>December 19, 2000</b>	Economic Development Corporation	Stuart Koperweis (President)
<b>December 20, 2000</b>	Recreation and Cultural Affairs	Yessenia Correa (Director), Joseph Macchi (Division Director), Maryanne Keleher (Assistant Director), Kevin Lyons (Fiscal Officer)
	Department of Public Works (DPW)	Kevin Sluka (Director) Hector Ortiz (Automotive Services), Frank Carroli (Buildings & Street Maintenance), Rodney Hadley (Parks and Forestry), Joseph Iwuala (Fiscal Officer)
	Jersey City Free Public Library	Fran Ware (Director of Operations, LSSI)
<b>January 3, 2001</b>	Division of Economic Development (HEDC)	Elizabeth Jeffreys (Division Director)
	Division of Construction Code (HEDC)	Michael Regan (Division Director)
<b>January 4, 2001</b>	HEDC	Annemarie Uebbing (Director)
	Division of Community Development (HEDC)	Darice Bell (Division Director)
<b>January 5, 2001</b>	Jersey City Free Public Library	Dennis Hayes (Director), Patrick Winston (Community Awareness Series)
<b>January 8, 2001</b>	Division of Tenant/Landlord Relations (HEDC)	Charles Odei (Acting Division Director)
	Jersey City Free Public Library	Al Cameron (CFO)
	Division of Neighborhood Management (NID)	Maureen Corrado (Director), Charles Callari (Division Director)
<b>January 18, 2001</b>	Division of Community Development (HEDC)	Darice Bell (Division Director)
<b>January 25, 2001</b>	Division of Real Estate	Ann Marie Miller (Division Manager)

<b>February 13, 2001</b>	Department of Administration	Laurie Cotter (Business Administrator)
	Jersey City Incinerator Authority	Norman Guerra (Director)
	Department of Recreation and Cultural Affairs	Yessenia Correa (Director)
	Department of Neighborhood Improvement	Maureen Corrado (Director), Charles Callari (Division Director), Ed Coleman (Division Director)
<b>February 14, 2001</b>	Jersey City Free Public Library	Fran Ware (Head of Operations) (LSSI)
<b>February 15, 2001</b>	Division of Purchasing and Central Services	Ray Tolentino (Division Director), Steve Miller (Chief of Administrative Services) (via conference call)
<b>February 16, 2001</b>	Jersey City Parking Authority	Carmine Venezia (Director)
<b>February 23, 2001</b>	Jersey City Free Public Library	Al Cameron (Chief Financial Officer)
<b>February 23, 2001</b>	Housing, Economic Development & Commerce	Annemarie Uebbing (Executive Director)

# Developing a Performance Management Framework

## Program Performance Findings

Few departments, divisions, or Authorities within Jersey City government appear to use or have strategic and operational plans in daily management. We also found a lack of and unclear accountabilities for managing actual expenditures to budgets. For example, Jersey City Parking Authority has no strategic or operational plans, its bank accounts are not reconciled monthly or yearly with the general ledger, and personnel files are not well maintained.

Additionally, most departments within Jersey City government do not appear to have ready access to performance information for management decision making. The Department of Neighborhood Improvement (NID) is in the process of instituting a performance management system, but NID has not yet determined appropriate measures, the key component to a successful program.

The City allocates department funds without considering current performance levels or methods to encourage future performance improvements. For example, Code Enforcement, which cuts across a number of Jersey City's departments, agencies and authorities, faces a major obstacle; it is not legal to institute an incentive system based on the number of tickets issued per employee. Yet, fines are a major source of revenue for any municipality. Jersey City could enhance revenue if the City allocated increased funds to a department based on improved collection rates. Rewarding increased collections does not conflict with local or state law. The department receives the direct and the employees receive indirect benefits. The better funded the department is overall, the greater chance employees have for advancement.

Jersey City misses opportunities for large cost savings, which good performance measures would help them to identify. Jersey City's Procurement and Purchasing Division is responsible for over \$150 million in goods and services. Yet the purchasing agents' current goal, as a result of understaffing, is pushing purchase orders through rather than finding the best prices available (i.e. quantity rather than quality). Good performance measures would provide the Division with an argument for increasing staff, and would provide the City with a method to assess the request. The division should benchmark the number of purchasing agents as a percentage of total purchasing dollars against industry best practices. The City, in turn, should assess the Purchasing Division's effectiveness by measuring the percent of total cost savings generated from cost avoidance and reductions per employee. These standard performance measures would improve department efficiency and would provide the City with a quantifiable budget allocation rationale.

## Background

A key responsibility of state and local governments is to develop and manage services, programs, and resources as efficiently as possible and to communicate the results of these efforts to the taxpaying public. Meaningful performance measurements assist government officials and citizens in identifying financial and program results, evaluating past resource decisions, facilitating qualitative improvements in future decisions regarding resource allocation and service delivery options, and communicating service and program results to the community. The Government Finance Officers Association (GFOA) recommends that financial, service, and program performance measures be developed and used as an important component of decision making and incorporated into governmental budgeting.<sup>1</sup>

Performance budgeting, a best practice in the private sector which ties operating unit funds to performance, is becoming increasingly popular in the public sector. A number of municipalities are moving away from pure line-item budgeting in which all proposed expenditures are listed according to the objects for which money would be spent, to hybrids combining line-item and performance budgets. For many governments, making the budget process more results-based has been the primary motivation for legislating performance measurement.<sup>2</sup> Although performance budgeting is still a new approach to and must be customized for municipal government, it is the right choice for Jersey City.

Phoenix, Arizona has instituted a Performance Management Program, which focuses on three types of measures: customer satisfaction, output, and comparative/competitive measures. Since 1985, Phoenix has conducted a citizen survey, regarding the results not as a tool with which to punish workers but as an opportunity for problem solving. Between 1991 and 1993, 500 positions were eliminated, while survey satisfaction indices continue to rise.<sup>3</sup>

Our observations lead us to conclude that Jersey City would benefit from:

- Investing more in systematic planning, starting at the City-wide level and cascading down into Departments
- Setting measurable performance goals to understand the results of financial investments
- Setting and enforcing clearer performance expectations for staff at all levels
- Investing in, and enforcing, standardized, written procedures
- Conducting more formal, regular performance assessments to improve the operations of business units delivering less-than-expected results.

## Performance Management Overview

Performance Management can be defined as a municipal government-wide management program that provides a structured approach for deploying the City's strategy in a consistent and continuous manner and ultimately creates value for the stake-holders. Performance Management integrates the municipal government strategy with the budgeting and resource allocation process; it also assesses programmatic performance by comparing the City's current state to municipal government Best Practices.

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<sup>1</sup> Recommended practices for State and Local Governments, approved by Government Finance Officers Association, March 1999.

<sup>2</sup> Hatry, Harry P., Performance Measurement: Getting Results, The Urban Institute Press, Washington, D.C. 1999.

<sup>3</sup> Benchmarking and Performance Measurement, Government Finance Officers Association Training Manual. Article insert: State of the Art: Managing for Results: Advancing the Art of Performance Measurement, Government Finance Review. June 1996.

Performance Management will benefit Jersey City because employees will understand what strategies are required to achieve the measurable goals and how their work contributes. It will thus make every employee accountable for achieving results in the city. Progress toward achieving results is monitored at each level of the organization and teamwork is enhanced across the organization by providing a common focus to which every individual can make an important contribution.

A recent survey of 203 companies ranging in size from \$27 million to \$50 billion indicated that organizations that are "measurement managed" are ranked in the top third of their industry (William Schiemann & Associates).

High performing organizations typically have measurable goals and strategies understood by everyone, including major stakeholders. Such organizations then use measurable outcome goals and strategies as the basis for determining levels of investments and budgets. Results of investments and budget expenditures are carefully tracked and analyzed to assess the extent to which measurable goals are being met, and how effective selected strategies are in leveraging outcome goals. Performance analyses then informs revisions to outcome goals and strategies. Organizational executives recognize the criticality of investing time and resources in systematic "performance management," of which budgeting is a key aspect.

In order to become more performance based and outcome oriented, Jersey City will need to implement a strong performance management framework over the course of the next year. Establishing the performance management system will entail designing and executing a detailed process with clearly delineated roles and responsibilities at both the City level and within Departments for managing performance in a more outcome based manner. Such a system will also entail identifying and using performance measurement in goal setting and general operations.

In addition to yielding great clarity for everyone in the organization about direction and prioritizing activities, putting a performance management framework in place with clear and measurable City-wide and departmental goals enables City managers to begin identifying the competencies and skills they need to deliver measurable results. A good performance management system also allow city managers to better focus their department's activities and resources, and manage emergent workloads by assessing impact on existing workload and the attainment of established goals.

***Performance Management systems Best Practices. An ideal Performance Management system has one or more of the following characteristics:***

- Easy to use and simple in its structure - systems that are too complicated often frustrate employees and are not properly used.
- Respected and has integrity in ratings of employees - the ratings that employees receive are meaningful and high ratings are not easy to achieve.
- Objective and defined - expectations goals and objectives as well as expected levels of performance are clearly defined at the outset of the performance evaluation period.
- Interactive and communicative process - requires frequent communication between the employee and supervisor regarding performance and encourages the employee to take a proactive role in this process.

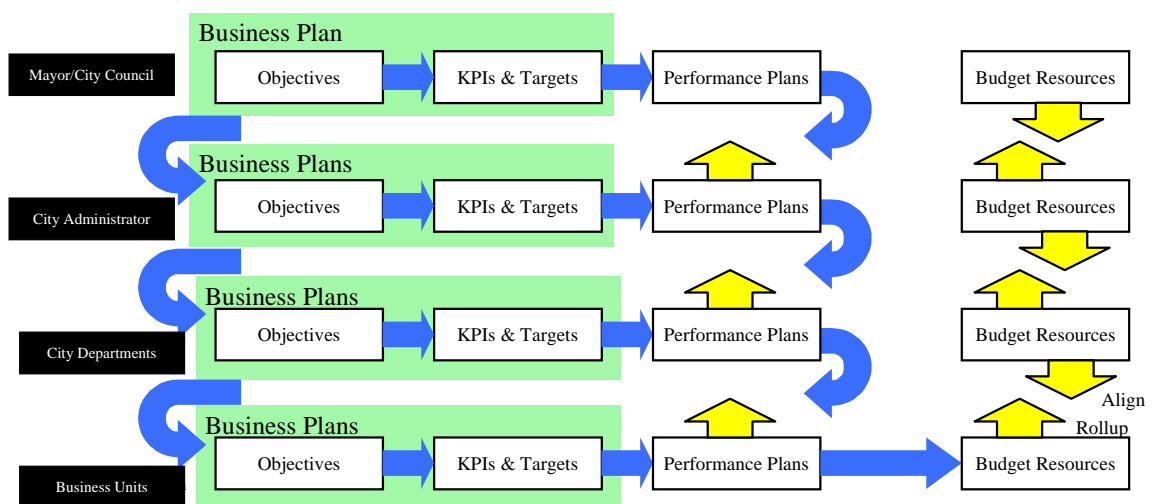
- Fully integrated with other Human Resources systems - performance evaluations should be tied to training and development, promotion and staffing decisions, and compensation.
- Fully integrated with the mission and strategic goals of the organization - responsibility for achieving agency goals should cascade down from the organizational level to the unit and ultimately to the individual level.
- Comprehensive and systemic in approach - performance management should not exist in a vacuum.

### ***What is involved in the Performance Management Process?***

Business plans are developed at all levels of the organization from the Mayor's office down to the operational unit. Each business plan contains a set of objectives describing the way that particular department will contribute to achieving the overall strategic vision of the City. Key Drivers of Performance and targets are set to define success at achieving the objectives defined in the Business Plan.

Performance plans are developed to define the action steps necessary to achieve the objectives and Drivers of Performance targets. Performance plans at one level in the organization are cascaded down and become the objectives for subordinate business plans, beginning the process of developing the business plans at the next level down in the organization. The cascading process is repeated from the Municipal government level down to the operational unit. Business and performance plans become increasingly detailed and more tactical as they cascade down to the departments and operational units within those departments.

At the operational unit level, performance plans are initially used to estimate the resource requirements for budgeting purposes. Budgets and detailed performance plans are consolidated progressively (rolled up) at each level to ensure that the sum of the subordinate plans achieves the objectives and predicts resource requirements for the organization as a whole. This is an iterative process.



***Jersey City must "cascade" performance management throughout the Municipal government at the operational unit level and within organizations– i.e.: within City departments for a municipal government.***

- Once the organization has established this cyclical process for the whole entity, then distinctive operational units initiate their own performance management cycles, whereby they identify their own measurable goals and strategies within the larger context of the organization as a whole.
- City departments would examine the City's overall outcome goals and strategies, and then identify their essential contributions helping the City deliver the intended results – measurable goals and strategies.
- Departments then negotiate the resources they need to help the City meet its measurable goals. City departments are responsible for establishing, collecting and analyzing performance information, and for systematically providing feedback and improvement ideas to City executives for consideration in strategic plan iterations.

***What role does Performance Measurement play?***

- Performance Measurement is an integral part of Performance Management. Performance Management measures organizations against best practices while Performance Measurement measures employees against established competencies.
- Performance Measurement in isolation is incomplete because employees' skills must be linked to the City's overall strategic vision.
- Performance Management is a comprehensive management process that systemically links the municipal government's strategy, resources, processes, and action.

***What is a balanced scorecard and what part does it play in a performance management system?***

- A balanced scorecard is a management improvement system and framework that balances an organization's customers, internal business processes, and growth and utilizes financial and nonfinancial information for enhancing an organization's goals, objectives, performance measurement, and operational strategies.
- A balanced scorecard develops performance measures based on the organization's mission, goals, and objectives; and assesses organizational performance along customer service, financial, internal work processes, and organizational growth dimensions.
- A balanced scorecard uses financial data to assess past performance with respect to financial accomplishments, customer service, internal business processes, and organizational growth.
- Financial - were projected savings achieved?
- Customer/citizen-How do customers/citizens perceive performance?
- Internal business-Are processes improved?

***Performance Management implementation***

The process for establishing a truly performance based management framework entails developing and executing a series of facilitated workshops. The first workshops should focus on City government as a whole and involve City government-wide leaders in strategic

planning, performance measurement and budgeting. Such efforts should result in measurable strategic goals for the City and key strategies for attaining such goals over a three to five year time horizon. City executives will need to determine prioritized outcomes, core services needed to attain measurable goals, and rough budget allocations for each strategy essential to leveraging the City's goals.

Once City government efforts are complete, City executives at the Department level should undertake a similar series of facilitated workshops, using the City-wide results, to develop and implement their own performance management frameworks, including measurable goals (three to five year goals with annual targets), strategies and annual budget allocations. City executives at the Department level will also need to identify performance information sources, performance reporting requirements and frequencies, and analytical processes and tools for making decisions using performance data.

Critical to this effort is sustained and visible leadership. Experience demonstrates that in organizations where performance management enhances success, executives are committed to the process in word and deed, and view it as one of their most important management tools for communicating organizational direction and holding managers accountable for results. Without the active participation of executives, performance management efforts are sub-optimized.

## **5 PHASES**

### ***Phase I: Strategic Planning***

Setting measurable goals and strategies understood by everyone, including major stakeholders.

### ***Phase II: Budgeting for Results***

Investing in measurable outcome goals and strategies that form the basis for determining levels of investments and budgets.

### ***Phase III: Measuring Performance***

Establishing relevant, reliable information sources and collecting performance data at regular intervals. Results of investments and budget expenditures are carefully tracked and analyzed to assess the extent to which measurable goals are being met, and how effective selected strategies are in leveraging outcome goals.

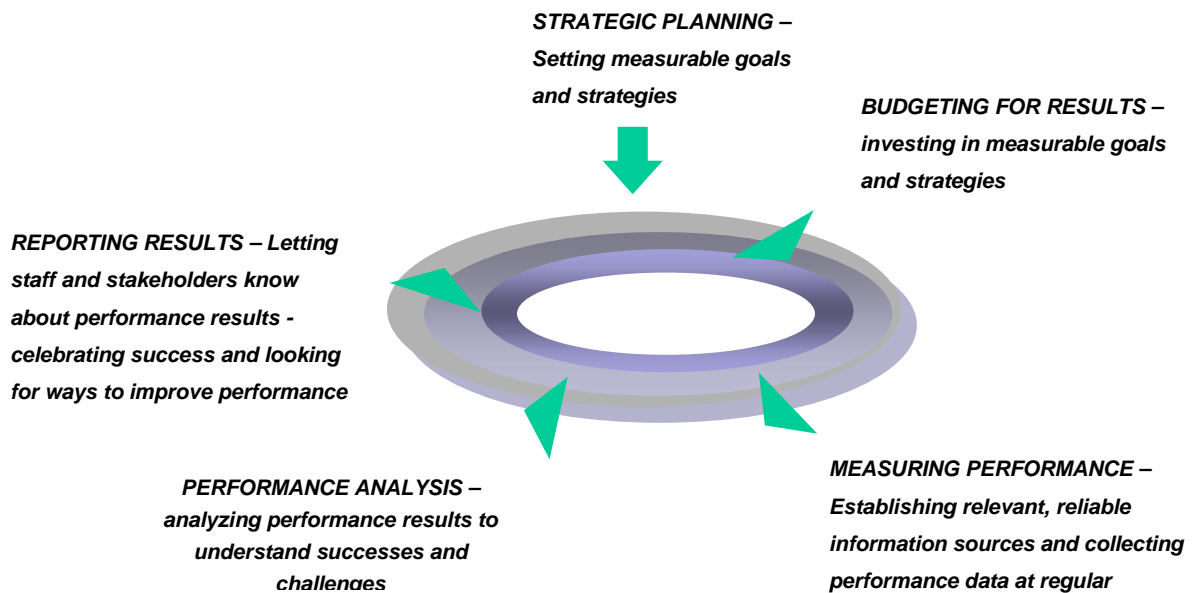
### ***Phase IV: Performance Analysis***

Analyzing performance results to understand successes and challenges. Performance analyses inform revisions to outcome goals and strategies.

### ***Phase V: Reporting Results***

Letting key staff and stakeholders know about performance results - celebrating success and looking for ways to improve performance.

The following graphic depicts a classic performance management cycle for an organization.



## PERFORMANCE MANAGEMENT PROCESS

### PHASE I: STRATEGIC PLANNING

- Sets a clear vision for the City
- Develops and communicates a clear and concise mission
- Establishes definitive and achievable goals
- Facilitates the link from the municipal government level to the objectives of each work group in the organization.

#### **Steps:**

1. Define vision, mission and goals
2. Analyze critical processes
3. Establish milestones

#### **Approach**

Organize and Execute a Series of Workshops

#### **Workshop I**

- City government-wide leaders such as the Mayor and members of the City Council
- Focuses on City government as a whole
- Involves strategic planning, performance measurement and budgeting.
- Results in measurable strategic goals for the City, and key strategies for attaining such goals over a three to five year time horizon.
- City executives will need to determine prioritized outcomes, core services needed to attain measurable goals, and rough budget allocations for each strategy essential to leveraging the City's goals.

## **Workshop II**

- City executives at the Department level
- Focuses on individual departments
- Use the Citywide results, to develop and implement their own performance management frameworks, including measurable goals (three to five year goals with annual targets), strategies and annual budget allocations.
- City executives at the Department level will also need to identify performance information sources, performance reporting requirements and frequencies, and analytical processes and tools for making decisions using performance data.

## **PHASE TWO: BUDGET FOR RESULTS**

- Link the resources with the vision
- Empower the lowest levels of the organization
- Create valuable "buy-in"

### ***Steps***

1. Look at action plans and outcomes and talk to Mayor and City Planners
2. Develop resource requirements and link to Activity-Based Process Budget
3. Develop budgets for the implementation of the performance plan initiatives.

### ***Approach***

- Begin at the lowest level of performance planning by estimating the resources required to achieve the performance plans.
- Break out the resource requirements for each initiative into operating and capital budgets items.
- Analyze the ongoing impact of the performance plans, capital and operating expenses estimated on a three year rolling forecast, with Year 1 resource requirements incorporated into the current year performance plan and budget.
- Consider the impact of current actions on future performance and ultimately Stakeholder Value Added ("SVA"), (or Net Income or Return on Investment).
- Link the operating and capital resource requirements to the primary activity-based process impacted, then total for each process to form a "discretionary" activity-based process budget. Discretionary initiatives are defined as those initiatives that are not required to be implemented to operate the status quo "business fundamentals" or core functions of running the City (e.g. the purchase of fuel for operating a generation facility or for federally mandated safety training.)
- Focus on discretionary initiatives, which represent the greatest opportunities for improvement, place the City in a strategic position, and/or directly assist the City in achieving its business plan objectives.

### **The steps to build the activity-based process budget are:**

- Link performance plan resource requirements to activity-based processes.
- Develop a Discretionary Activity-Based Process budget based on resource requirements established in the performance plan.
- Develop a Business Fundamentals budget in parallel to the Discretionary budget. This budget is based on cost (or value) drivers, service level agreements and activity budgets.
- Analyze and incorporate the impact of the Discretionary initiatives from the performance plan into the Business Fundamentals budget.

- Combine the Discretionary budget and the adjusted (for Discretionary initiative impact) Business Fundamentals budget to form an integrated Activity-Based Process Budget.
- Complete this process for both the operating and capital budgets.

#### **The Steps for performance plan and budget roll-up process**

- Plans and budgets from the lower levels are rolled-up and checked for missing but necessary initiatives at the next higher level. The sum of the subordinate plans and budgets must achieve the key Drivers of Performance targets and business plan objectives within the means of the organization at that level.
- Initiatives that impact all of the subordinate organizations or those that build skills and competencies for strategic positioning may be included at this point.
- Vertical alignment is done to ensure cascaded-down objectives are met by subordinate initiatives.
- Horizontal alignment is done in order to identify any opportunities for developing complimentary initiatives or to negate conflicting initiatives.
- Sum of subordinate targets is checked to determine if it meets cascaded-down targets.
- Replicate at each level of the organization
- Allocate resources after all lower level plans and budgets are rolled-up to the Municipal government level. The resource allocation process is one of the last links that ensures the tactical actions are aligned with the objectives of the City.

#### **To ensure that the resource allocation process is consistent with the performance planning framework and philosophy to support and align the execution of plans with the overall objectives of the City:**

- Remain focused on building a sustainable competitive advantage over the long-term.
- Align resource allocation with the objectives of the City and the Key Drivers of Performance that reflect the achievement of those objectives.
- Set priorities and rationalize performance plans and their resource needs. The gap between the current and targeted Key Drivers of Performance enables the City to set resource allocation priorities for the plans to close that gap.
- Consider initiatives based on their long-term impact on the business and SVA rather than their current period operating or capital requirements.
- Consider the impact that reduced budget resources will have on the ability to achieve the same targeted performance. Budget adjustments will require adjustments to performance plans, Key Performance Drivers and targets as well as consideration of the impact on supporting and complimentary plans.
- Educate managers on the prioritization process to eliminate or reduce the number of initiatives that don't have a major impact on one or more scorecard measures.
- Align resource allocation across the organization - ensure that complimentary initiatives receive funding and weed-out/revise conflicting initiatives.
- Balance the resource allocation guidelines with the need for flexibility in the face of environmental changes.

### **PHASE THREE: MEASURING PERFORMANCE**

Set measures and targets that will tell us whether we are creating value and achieving the strategy:

- Develop quantifiable performance measures to monitor the progress toward the achievement of strategy and the creation of value.
- Identify the competencies and skills need to deliver measurable results.

Steps:

1. Identify Key Drivers of Performance
2. Benchmark
3. Develop a personnel evaluation system grounded in competency modeling and accompanied by performance measurement.

**Characteristics:**

Potential Key Drivers of Performance are selected "to measure success at achieving the objectives" for the organization. Key Drivers of Performance must be validated and tested on the following criteria to be considered and used as a management tool as part of a balanced scorecard. There should be a limited number of Key Performance Drivers (6 to 10)

**Each of your Key Drivers of Performance must possess all of the following characteristics:**

<b>Controllable/Influenceable</b>	Can the results be controlled or influenced under a span of responsibility?
<b>Simple</b>	Can the measure be easily and clearly communicated?
<b>Actionable</b>	Can action be taken to improve performance?
<b>Credible</b>	Is the measure resistant to manipulation?
<b>Measurable</b>	Can the measure be quantified? What is its formula or its components?
<b>Linked to Objectives</b>	Can the measure be linked both up and down in the organization?
<b>Linked to Creation of Value</b>	Can the measure be aligned with value drivers?

**Approach**

Set both short and long-term targets are set for Key Performance Drivers to ensure focus on continuous as well as breakthrough improvement, based on:

- Historical data
- Internal benchmark data
- External benchmark data, and
- Internal expectations

**PHASE FOUR: PERFORMANCE ANALYSIS**

- Continuously monitor and evaluate performance results:
- Report feedback of performance results against targets.
- Maintain Management Discipline

## **PHASE FIVE: REPORTING RESULTS:**

- Encourage the desired behavior to achieve performance results:
- Reward and Coach
- Hold staff at all levels accountable
- Celebrate successes and Look for Ways to Improve Performance

## **PERFORMANCE MANAGEMENT INFRASTRUCTURE**

For a successful implementation, the necessary infrastructure needs to be developed to support the Performance Management process. Performance Management is a business and management process that should be supported appropriately by the organization. The degree of infrastructure development will vary depending on the scope of the implementation, but can be broken down into:

- People/Roles
- Procedures
- Technology

### **II. 1. People/Roles**

The roles required to support the Performance Management process can be defined as shown below. The people necessary to fulfill these roles must be designated as appropriate to the scope of the implementation.

- Scorecard Owners and Team
- Process Owner
- Process Administrators
- Component Owners
- Data Entry Personnel

### **II. 2. Procedures**

The procedures to support the Performance Management will vary based on the scope of the implementation, but should at a minimum include the procedures necessary to regularly gather data, calculate and report KPI results, and support development of explanations and action plans for exception conditions.

### **II. 3 Technology**

Technology should be deployed sufficient to enable Performance Management process and reinforce the Performance Management concepts. The technology can range from simple whiteboards or Excel spreadsheets for very small performance management implementations all the way to very complex, web-enabled enterprise solutions for large, enterprise clients.

## **III. PERFORMANCE MANAGEMENT CULTURE**

The culture of responsibility, authority, and accountability must be developed to empower the scorecard owners to take the actions necessary to achieve the KPI targets.

## Executive Leadership

Responsibilities	Skills
<ul style="list-style-type: none"><li>• Overall responsibility for project.</li><li>• Major issue resolutions and decision-making.</li><li>• Lead change in client organization.</li><li>• Cost and schedule responsibility.</li></ul>	<ul style="list-style-type: none"><li>• Vision, leadership and communication skills</li><li>• People management skills</li><li>• Ability to make and influence corporate decisions for client</li><li>• Ability to secure project funding</li></ul>

## Project Leader

Responsibilities	Skills
<ul style="list-style-type: none"><li>• Plan and lead change and implementation efforts.</li><li>• Communicate and coordinate issues, conflicts and status.</li><li>• Lead requirement definition efforts.</li><li>• Establish change enablement and development standards.</li><li>• Provide a project management strategy and implementation plan.</li></ul>	<ul style="list-style-type: none"><li>• Leadership and communication skills</li><li>• People management and development skills</li><li>• Project management experience</li><li>• Working knowledge of target area</li><li>• Working knowledge of city's processes</li><li>• Ability to get decisions made</li><li>• Experience in portraying and interpreting organizational and cultural matters</li></ul>

## Project Manager

Responsibilities	Skills
<ul style="list-style-type: none"><li>• Overall project management, guidance and direction (i.e., day-to-day management).</li><li>• Overall project planning, resource acquisition and work assignment responsibilities.</li><li>• Review and ensure quality of work products and deliverables.</li><li>• Facilitate issue and conflict resolution across all areas.</li><li>• Cost, schedule, and status reporting responsibility.</li><li>• Responsible for definition and implementation of knowledge sharing strategy.</li><li>• Responsible for job administration.</li></ul>	<ul style="list-style-type: none"><li>• Experience in gathering and analyzing information</li><li>• Experience in documenting and presenting information</li><li>• Experience in using supporting technologies and tools</li><li>• Experience in reusing solutions and in generating creative solutions</li><li>• Experience in evaluating and articulating the benefits of alternative solutions</li><li>• Experience in relevant training and communication alternatives</li><li>• Ensures accuracy and completeness of own work and that of team members</li><li>• Effectively builds teams and facilitates group decision making</li></ul>

## Jersey City Property Inventory - Vacant Buildings

### Property With No Notes

Address	Total Value
220 Patterson	\$50,800
161 Bergen	\$119,300
84 Wilkonson	\$30,000
265 Martin Luther King Dr	\$48,900
270 Martin Luther King Dr	\$70,000
93 Bidwell Ave	\$31,400
471 Ocean Ave	\$68,000
461 Ocean Ave	\$32,000
94 Pearsall Ave	\$2,500
70-72 Lexington Ave	\$525,000
36 Jewett Ave	\$6,900
64 Park St	\$170,000
224 Van Horne Street	\$124,600
60 Harrison Ave	\$56,700
121 Grant Ave	\$110,800
167 Randolph Ave	\$78,200
131 Clerk Street	\$50,000
<b>TOTAL:</b>	<b>\$1,575,100</b>

### Property With Notes that Include the Word Hold

Address	Total Value	Note
224 Bergen	\$115,200	Hold - See File
234 M.L. King Dr	\$7,300	Hold Hud Homeownership Zone
407 Ocean Ave	\$104,800	Hold Development Area Demo R77396
405 Ocean Ave	\$52,100	Hold Development Area
307 Bergen Ave	\$280,000	Hold-Greenvillea Redevelopment Plan
479 Martin Luther King Dr	\$48,700	Martin Luther King Study-Area Hold
520 Ocean Avenue	\$87,700	Hold Ocean Bayview Area
<b>TOTAL:</b>	<b>\$695,800</b>	

### Property With Notes that Do Not Include the Word Hold

Address	Total Value	Note
79-81 Dwight Street	\$115,600	Also Lots 19
115 Martin Luther King Dr	\$970,400	Also Lots 2A, 3B
298 Academy Street	\$402,200	Apple tree house -do not sell
8-9 Foye Place	\$600,000	By deed 6/12/00- Do not sell- See File
173 Fairmount Ave	\$20,300	Monticello Redevelopment Area
80 Belmont Ave	\$67,000	Conditionally Sold-11/98
167 Monticello Ave	\$47,000	Monticello Ave Redevelopment Plan
235 Communipaw Ave	\$156,600	Can not Sell -See File
364 Ocean Ave	\$183,000	Ocean Bayview Redevelopment Plan
492-494 Ocean Ave	\$89,500	Ocean Bayview Redevelopment Plan
430 Whiton Street	\$24,300	Morris Canal Redevelopment Plan
133 Lafayette Street	\$123,100	Lafayette Redevelopment Plan
277 Communipaw Ave	\$39,000	Morris Canal Redevelopment Plan
174 Pine Street	\$160,000	Morris Canal Redevelopment Plan
341 Communipaw Ave	\$22,000	Morris Canal Redevelopment Plan
104-104.5 Woodward St	\$20,000	Morris Canal Redevelopment Plan
189 Halladay Street	\$28,000	Morris Canal Redevelopment Plan
2 Dakota Street	\$1,189,500	Morris Canal Redevelopment Plan
51 Crescent Ave	\$25,000	Lease with Board of Ed
58 Seidler Street	\$45,400	Future Municipal Project

## Jersey City Property Inventory - Vacant Buildings

1 Monticello Ave	\$87,400	Jackson Ave Redevelopment
421 M.L. King Dr	\$66,600	Expanded MLK R.A.
18-20 Park Street	\$172,100	Can not Sell Islamic Center will take Title
880 Garfield Avenue	\$2,851,600	Morris Canal Redevelopment Plan
550 Johnston Avenue	\$496,300	Brownfield Redevelopment Assemblage
<b>TOTAL:</b>	<b>\$8,001,900</b>	
<b>GRAND TOTAL:</b>	<b>\$10,272,800</b>	

## Jersey City Property Inventory - Vacant Land

### Property With No Notes

Address	Total Value
Montgomery Street	\$0
Morris Canal	\$2,430,000
Mainla Avenue	\$124,000
364 Fourth Street	\$9,300
Merseles & York Street	\$0
Newark Avenue	\$40,300
Third & Merceles Streets	\$25,800
147-155 Merseles Street	\$1,000
Hoboken Avenue	\$12,100
63 Oakland Avenue	\$3,900
137A St Pauls Avenue	\$400
Newark Avenue	\$600
Newark Avenue	\$500
10 Covert Street	\$5,000
Tonnelle Avenue	\$12,800
695 Summit Aveunue	\$31,900
Inside Sherman Avenue	\$2,800
151 Ogden Avenue	\$20,000
Mountain Raod	\$84,400
Mountain Road	\$2,600
Paterson Plank Road	\$153,800
Lake Street	\$20,200
Nelson Avenue	\$14,000
Inside Columbia Avenue	\$4,200
Inside Columbia Avenue	\$4,300
538 Tonnele Avenue	\$10,000
548 Tonnele Avenue	\$10,000
Liberty Avenue	\$14,100
New County Road	\$12,500
Tonnele Aveneu	\$20,000
Carroll Avenue	\$8,300
Carroll Avenue	\$7,800
Carroll Avenue	\$6,100
Secaucus Road	\$4,000
State Highway Route 440	\$11,900
110 Greenville Aveneu	\$9,500
Surburbia Terrace	\$27,700
Cator Avenue	\$17,800
Westfield Avenue	\$4,600
147 Bergen Avenue	\$5,000
Hackensack & Morris C anal	\$3,954,500
Bergen Avenue	\$14,700
61 Bostwick Avenue	\$5,600
160 Wilkerson Avenue	\$6,700
263 Martin Luther King Dr	\$18,600
Wegman Parkway	\$8,700
94 Stegman Street	\$5,600

## Jersey City Property Inventory - Vacant Land

92 Stegman Street	\$5,600
199 Stegman Street	\$15,800
M.L.King Drive	\$7,500
139 Martin Luther King	\$5,300
218 Fulton Avenue	\$7,000
220 Fulton Avenue	\$7,000
222 Fulton Avenue	\$7,000
72 Bergen Avenue	\$3,500
10 Corcoran Street	\$9,000
124 Martin Lurthe King Dr	\$16,500
191 Rose Avenue	\$6,700
193 Rose Avenue	\$10,200
152 Armstrong Avenue	\$7,500
172 Rose Avenue	\$8,700
117 Armstrong Avenue	\$5,600
401 Ocean Avenue	\$14,500
153 Armstrong Avenue	\$7,000
175-177 Armstrong Avenue	\$23,600
Van Nostrand Avenue	\$900
61 Wade Street	\$7,000
Ludlow Street	\$7,100
Ludlow Street	\$7,100
289 Old Bergen Road	\$10,600
166-168 Danforth Street	\$66,000
177 Lembeck Avenue	\$7,500
Pamrapo Avenue	\$4,500
Sampson Street	\$15,000
Garfield Avenue	\$30,000
Schley Street	\$187,500
Avenue "C"	\$25,800
Sampson Street	\$187,500
Schley Street	\$43,800
Garfield Avenue	\$44,000
Princeton Avenue	\$88,000
Schafer Street	\$140,000
Wainright Street	\$30,000
Wainright Street	\$30,000
Santiago Street	\$30,000
Princeton Avenue	\$400,000
Princeton Avenue	\$52,600
Princeton Avenue	\$186,200
Wainright Street	\$30,000
Santiago Street	\$30,000
Princeton Avenue	\$400,000
Princeton Avenue	\$52,600
Princeton Avenue	\$186,200
13-15 Danforth Avenue	\$19,800
Princeton Avenue	\$3,300
32 Freedom Place	\$15,900
33 Freedom Place	\$4,700

## Jersey City Property Inventory - Vacant Land

31 Freedom Place	\$8,800
East Bidwell Avenue	\$17,700
25 Bidwell Avenue	\$12,600
19 Fulton Avenue	\$8,800
53A Bayview Avenue	\$4,300
22 Bayview Avenue	\$8,200
59 Arlington Avenue	\$5,500
57 Arlington Avenue	\$5,500
32 Clerk Street	\$10,400
735 Garfield Avenue	\$11,400
Commerical Street	\$114,100
Caven Point Road	\$868,700
Caven Point Road	\$1,036,700
Morris Canal	\$165,800
Central Railroad Rd	\$6,000
Brown Place to Gates	\$21,000
16 Dales Avenue	\$16,000
122 Logan Avenue	\$16,900
124 Logan Avenue	\$16,900
Duncan Avenue Inside	\$10,700
296 Ducan Avenue	\$15,000
270 Duncan Avenue	\$7,400
Marcy & Commnipaw Ave	\$1,400
State Highway Route 440	\$700
Mallory venue	\$56,400
State Highway Route 440	\$12,800
State Highway Route 440	\$45,700
163 Grant Avenue	\$6,000
158 Grant Avenue	\$168,800
236 Grant Avenue	\$12,000
112 Lexington Avenue	\$13,000
146 Clinton Avenue	\$56,000
146 Blemont Avenue	\$138,800
316 Fairmount Avenue	\$7,700
Corbin Avenue	\$8,100
Broadway	\$500
Cornelison Avenue	\$32,700
25.5 Jewett Avenue	\$3,400
174 Monticello Avenue	\$18,000
169 Monticello Avenue	\$22,900
12 Prescott Street	\$5,500
10 Prescott Street	\$550
86.5 Clinton Ave	\$2,600
88 Clinton Ave	\$2,600
88.5 Clinton Ave	\$2,600
561 Communipaw Ave	\$6,200
501 Communipaw Ave	\$5,800
Communipaw Ave	\$2,000
332 Randolph Ave	\$5,600
624 Bramhall Ave	\$7,000

## Jersey City Property Inventory - Vacant Land

41 Sacket Street	\$4,000
202 Union Street	\$7,000
36 Union Street	\$7,000
244 Randolph Ave	\$16,600
9 Minerva Street	\$5,300
232-234 Forrest Street	\$25,400
259 Clerk Street	\$7,800
770 Ocean Ave	\$8,100
763 Ocean Ave	\$5,500
465 M.L.King Drive	\$7,200
78 Oak Street	\$12,000
82 Oak Street	\$21,000
447 M.L.King Drive	\$15,400
Forrest Street	\$1,900
330 Bergen Ave	\$12,300
94 Ege Avenue	\$2,900
166 Claremont Avenue	\$7,700
132-134 Grant Avenue	\$23,300
99 Grant Avenue	\$10,700
39 Grant Avenue	\$46,200
29 Grant Avenue	\$6,900
14 Grant Avenue	\$5,300
34 Grant Avenue	\$69,300
45 Orient Avneue	\$7,200
108 Claremont Avenue	\$7,100
651 Ocean Avenue	\$21,000
243 Arlington Avenue	\$5,800
222 Clerk Street	\$9,300
224 Clerk Street	\$8,900
211-213 Arlington Avenue	\$28,400
267 Arlington Avenue	\$17,000
Carteret Avenue	\$700
242 Arlington Avenue	\$9,000
122 Carteret Avenue	\$1,800
150-2 Randolph Avenue	\$19,100
166 Randolph Avenue	\$11,300
182 Randolph Avenue	\$13,400
Morris Canal	\$1,800
3631 Square Feet	\$2,000
400 Square Feet	\$800
117 Carteret Avenue	\$8,600
188 Arlington Avenue	\$8,100
166 Arlington Avenue	\$14,700
199 Arlington Avenue	\$8,900
666 Ocena Avenue	\$5,700
87 Clerk Street	\$8,300
109 Arlington Avenue	\$44,800
75 Randolph Avneu	\$18,600
144 Halladay Street	\$8,400
146 Halladay Street	\$5,200

## Jersey City Property Inventory - Vacant Land

136 Halladay Street	\$11,300
138 Halladay Street	\$6,800
140 Halladay Street	\$6,800
Pine Street	\$1,400
Johnston Avenue	\$26,000
Communipaw Ave	\$45,300
Johnston Avenue	\$38,300
292 Whiton Street	\$23,000
298 Halladay Street	\$5,000
296 Halladay Street	\$4,800
Communipaw Ave	\$3,000
Westervelt Place	\$800
Maple Street	\$12,300
52-54 Maple Street	\$12,300
72 Maple Street	\$8,400
268 pine Street	\$32,100
291 Pine Street	\$3,200
362 Whiton Street	\$4,800
Whiton Street	\$18,400
Oliver Street	\$31,100
Communipaw Ave	\$33,000
Oliver Street	\$60,000
Oliver Street	\$20,000
Oliver Street	\$51,000
233 Communipaw Ave	\$7,900
Oliver Street	\$87,200
Jersey Ave Tract	\$27,400
Whiton Street	\$1,700
Whiton Street	\$600
Communipaw Ave	\$412,600
Communipaw Ave	\$94,900
Phillip Street	\$114,900

**TOTAL: \$14,563,950**

## Jersey City Property Inventory - Vacant Land

### Property With Notes that Include the Word Hold

Address	Total Value	Note
Hoboken Avenue	\$60,900	Hold Cannot Sell-Green Acres
89 Cambridge Avenue	\$28,300	Hold Parking Authority
285 Ogden Avenue	\$25,400	Hold Cannot Sell-See File
Tonnele Avenue	\$9,100	Hold do not sell-See file
Tonnele Avenue	\$9,700	Hold do not sell-See file
Tonnele Avenue	\$10,200	Hold do not sell-See file
Tonnele Avenue	\$10,800	Hold do not sell-See file
Tonnele Avenue	\$12,100	Hold do not sell-See file
Tonnele Avenue	\$14,600	Hold do not sell-See file
Tonnele Avenue	\$16,500	Hold do not sell-See file
Tonnele Avenue	\$1,700	Hold do not sell-See file
Secaucus Road	\$8,500	Hold-do not sell-See file
108 Bostwick Avenue	\$5,000	Hold Hud Homeownership Zone
226 Bergen Avenue	\$44,800	Hud Homeownership Zone
65 Bostwick Avenue	\$10,800	Hold-Homeownership Zone
121 Bostwick Avenue	\$8,800	Hold-Homeownership Zone
204 Sherman Street	\$10,500	Hold Homeownerhip Zone
210 Martin Luther King Dr	\$8,000	Hold-Mlk Redevelopment Area
208 Martin Luther King Dr	\$6,000	Hold MLK Redevelopment Area
114 Stegman Street	\$6,000	Hold-Hud Homeownership Zone
78 Dwight Street	\$6,100	Hold Homeownerhip Zone
141 Martin Luther King	\$5,800	Hold MLK Redevelopment Area
212 Fulton Avenue	\$11,200	Hold Hud Homeownership Zone
185 Dwight Street	\$5,100	Hold Hud Homeownership Zone
99 Fulton Avenue	\$7,500	Hold-Hud Homeownership Zone
46 Bergen Avenue	\$7,200	Hold Homeownerhip Zone
188 Woodlawn Avenue	\$15,200	Hold Redevelopment Area
186 Woodlawn Avenue	\$6,000	Hold Redevelopment Area
121 Martin Luther King Dr	\$8,600	Hold-Mlk Redevelopment Area
92 Armstrong Avenue	\$9,000	Hold-Hud Homeownership Zone
173 Armstrong Avenue	\$36,500	Hold-Hud Homeownership Zone
278 Duncan Avenue	\$14,100	Hold-J.C. School District
1033 Communipaw Avenue	\$85,000	Hold-See File
400 Clendenny Avenue	\$360,000	Hold See File
131 Ege Avenue	\$11,900	Hold Greenville Redevelopment Area
355-357 Bergen Avenue	\$78,800	Hold Greenville Redevelopment Area
780 Communipaw Avenue	\$14,900	Hold-See File
Stuyvesant Avenue	\$18,100	Do not Sell -Easement by Necessity
78 Clifton Place	\$9,800	Hold-Medical Center Redevelopment Area
616-618 Communipaw Avenue	\$42,200	Hold-Homeownership Zone
95 Sackett Street	\$6,900	Hold -Hud Homeownership Zone
559 M.L.king Drive	\$8,900	Hold-Hud Homeownership Zone
1068 Garfield Ave	\$7,300	Hold-Brownfield's Area
533 M.L.King Drive	\$7,000	Hold-Martin Luther King Study Area -See Fil
1 Minvera Street	\$5,900	Hold Hud Homeownership Zone
376-382 Bergen Ave	\$1,062,500	Hold Greenville Redevelopment Area
201-203 Woodward Street	\$313,600	Hold-Brownfield's Area

## Jersey City Property Inventory - Vacant Land

205 Woodward Street	\$70,700	Hold Brownfields Area
207 Woodward Street	\$188,200	Hold Brownfields Redevelopment Area
41-59 Aetna Street	\$0	Also Block 60 Lot 19.G Hold See File

**TOTAL: \$2,731,700**

### Property With Notes that Do Not Include the Word Hold

Address	Total Value	Note
Jersey Ave Tract	\$67,200	Also Lots 20.A & 20.B
Jersey Ave	\$802,500	Formerly Par of Lots 19k or 19J -Liberty Har
Jersey Ave Extended	\$9,800	Liberty Harbor North
139 Luis M. Marin Blvd	\$1,052,200	Do not Sell-see File
Luis Marin Blvd	\$139,000	Do not Sell-see File
Luis Marin Blvd	\$273,000	Do not Sell-see File
Washington Street	\$53,400	Colgate Redevelopment
78-90 First Street	\$1,020,100	Do not sell -See File Also Lot D
30 Bright Street	\$15,000	Used by board of Education
28 Bright Street	\$15,000	Used by board of Education
16 Bright Street	\$15,000	Lease board of Education
Bright Street	\$30,000	Also lot 40
Bright Street	\$4,800	Board of Education
Bright Street	\$5,200	Board of Education
101 Bright Street	\$15,700	Lease board of Education
272-272.5 Varick Street	\$30,000	Lease board of Education
270 Varick Street	\$15,000	Lease board of Education
268 Varick Street	\$16,500	Lease board of Education
94 Coles Street	\$1,800	Do not sell -Sewer Line
Monmouth & 1St	\$4,100	Cannot Sell -See File
369 First Street	\$14,000	Cannot Sell -See File
272 Columbus Drive	\$122,000	Cannot Sell -See File
176 Brunswick Street	\$13,200	Do not Sell-Adjacent to Abandoned Conrail
Hoboken Avenue	\$3,000	Jersey Avenue West II
Henry Street	\$64,000	Sewer Line
Oakland Avenue	\$13,800	Lease w/parking authority
Hoboken Avenue	\$114,000	Green Acres-Cannot Sell
Charlotte & Duffield	\$129,300	HMDC Area
58 Tunnell St/Underwood Pl	\$44,100	Leased with Mobil
306 Palisade Avenue	\$12,800	By deed 5/20/99 Do not Sell-Development
304 Palisade Avenue	\$12,800	By deed 5/20/99 Do not Sell-Development
109-115 Ogden Avenue	\$82,000	Cueno Place Park
New York Avenue	\$333,600	Tumulty Park
122-124 New York Avenue	\$40,000	Additional Lots:60 Cannot Sell-Municipal Lo
Palisade Avenue	\$20,000	Paved as Part of Ferry Street
Paterson Plank Road	\$15,100	Green Acres-Cannot Sell
Mountain Road	\$84,400	Additional Lots: c.1,d.1,e.1,F.1
91-101 Cambridge Avenue	\$730,000	Additional Lots 38,9b (Hold) Parking Authori
380-386 New York Avenue	\$185,800	also lots 138,139,140,&141 Do Not Sell-See
Paterson Plank Road	\$306,300	Green Acres-Cannot Sell
133-135 Leonard Street	\$70,000	Also 46
Nelson Avenue	\$29,400	Sewer Line being installed here don't sell
33 Oakland Avenue	\$194,000	Lease w/parking authority

## Jersey City Property Inventory - Vacant Land

174 Brunswick Street	\$13,200	Do not Sell-Adjacent to Abandoned Conrail
Luis Marin Blvd	\$23,300	Liberty Harbor North
Bleeker Street	\$52,600	Also in Rem# 23
Hillside Road/Bleecker	\$4,700	Additional Lots 13.B
Hillside Road	\$8,600	Additonal Lots: 6.b,7.b
Surburbia Terrace	\$22,800	Un-Buildable-Right of Way-Cannot Sell
Surburbia Terrace	\$23,400	Un-Buildable-Right of Way-Cannot Sell
Surburbia Terrace	\$19,000	Right-of Way Cannot Sell
142 McAdoo Avenue	\$20,000	Permanent Sewer Easement
Kennedy Boulevard	\$27,600	Cannot Sell -See File
Iorio Court	\$25,500	Dedicated Street
Kennedy Boulevard	\$68,600	Dedicated Street
Hackensack River & St Hwy	\$41,800	Public Works
Hackensack River & St Hwy	\$4,530,000	Public Works
126 Bostwick Avenue	\$7,500	New Community Project MCC 311
262 M.L. King Drive	\$9,400	License Agreement-Urban League Expires 1
272 M.L.King Drive	\$72,300	M.L.King Study Area
241 M.L.King Drive	\$5,900	M.L.King Study Area
236 M.L. King Drive	\$12,900	M.L.King Study Area
238-240 M.L.King Drive	\$29,600	M.L.King Study Area
142 Bayview Avenue	\$50,000	Cannot Sell Defect in Title
193 M.L.King Drvie	\$31,200	M.L.King Study Area
176 M.L.king Drive	\$7,000	M.L.King Study Area
174 M.L.King Drive	\$7,200	M.L.King Study Area
178 M.L.king Drive	\$18,800	M.L.King Study Area
184 M.L.King Drive	\$15,100	/aka/B-3 Cor
212 M.L.king Drive	\$5,600	M.L.King Study Area
200 M.L.King Drive	\$7,600	M.L.King Study Area
196 M.L.King Drive	\$7,300	M.L.King Study Area
194 M.L.King Drive	\$9,100	M.L.King Study Area
467 Ocean Avenue	\$5,700	Turnkey Project
232-234 Dwight Street	\$560,100	Demo-Contract
143 M.L.king Ddrive	\$5,800	M.L.King Study Area
145 M.L.king Drive	\$5,800	M.L.King Study Area
143.5 M.L.king Drive	\$5,800	M.L.King Study Area
147 M.L.king Drive	\$7,900	M.L.King Study Area
74-76 Bergen Ave	\$25,700	Also Lot A.6
99 Dwight Street	\$5,700	Turnkey Project
128 Woodlawn Avenu	\$8,100	Do not sell-See File
124 Woodlawn Avenue	\$5,500	Do not Sell-see File
198 Armstrong Avenue	\$5,800	Cannot Sell-Defect in Title
101 Martin luther King	\$7,200	MLK Study Area
100 M.L.King Drive	\$5,000	MLK Study Area
98 M.L.King Drive	\$5,000	MLK Study Area
96 M.L.King Drive	\$5,000	MLK Study Area
94 M.L.King Drive	\$5,000	MLK Study Area
84 Van Nostrand Avenue	\$6,000	Landex-MCC-311
86-88 Van Nostrand Avenue	\$14,000	Also Lot # 14 Dup
397 Ocean Ave	\$7,600	J.R.C.A
78 M.L.King Drive	\$7,900	AkA/178 Van Nostrand Avenue/Landex Dev
Schley Street	\$56,100	Additional Lots: thru 36
Schley Street	\$110,000	Additional Lots: 10 & 19
Garfield Avenue	\$80,000	Additional Lots: thur8

## Jersey City Property Inventory - Vacant Land

Princeton Avenue	\$40,000	Additional Lots: thru 36
Sampson Street	\$50,000	Additional Lots : thru 28
Garfield Avenue	\$60,000	Additional Lots: thru 6
Schley Street	\$150,000	Additional Lots: thru 56
Princeton Avenue	\$80,000	Additional Lots: thru 36
Schaeffer Street	\$80,000	Additional Lots: thru 39
Santiago Street	\$17,100	Additional Lots: thru 7
Princeton Avenue	\$60,000	Additional Lots: thru 16
Princeton Avenue	\$23,700	Turnpike Easement
Princeton Avenue	\$80,000	Additional Lots: thru 36
Schaeffer Street	\$80,000	Additional Lots: thru 36
Santiago Street	\$17,100	Additional Lots: thru 7
Princeton Avenue	\$60,000	Additional Lots: thru 16
Princeton Avenue	\$23,700	Turnpike Easement
Princeton Avenue	\$170,800	Additional Lots: thru 15 Also Cert # 5691
Garfield Avenue	\$81,000	Inside lot is a Park
104 Old Bergen Road	\$31,000	Cannot Sell-Defect in Title
Winfield Avenue	\$100	Lease Agreement V.O.A.
Winfield Avenue	\$1,300	Lease Agreement V.O.A.
123 Ocean Avenue	\$8,200	Lease Agreement V.O.A.
125 Ocean Avenue	\$4,800	Lease Agreement V.O.A.
130 Ocean Avenue	\$8,400	Lease Agreement V.O.A.
132 Ocean Avenue	\$7,800	Lease Agreement V.O.A.
462-464 Ocean Avenue	\$55,800	Ocean/Bayview R.A.
476 Ocean Avenue	\$6,200	Ocean/Bayview R.A.
478 Ocean Avenue	\$4,800	Ocean/Bayview R.A.
470 Ocean Avenue	\$6,500	Ocean/Bayview R.A.
516 Ocean Avenue	\$8,300	AkA/80 Bidwell Avenue Ocean/Bayview
524 Ocean Avenue	\$6,900	Ocean/Bayview R.A.
Commerical Street	\$703,400	Claremont Ind Park R.A.-Ord# C-700
Commerical Street	\$120,200	Claremont Ind Park R.A.-Ord# C-700
Caven Point Road	\$50,400	Claremont Ind Park R.A.-Ord# C-700
Caven Point Road	\$49,700	Claremont Industrial Park R.A. Ord # 700
Caven Point Road	\$24,000	Claremont Industrial Park R.A. Ord # 700
Caven Point Road	\$65,000	Claremont Industrial Park R.A. Ord # 700
Chapel Avenue	\$311,100	Claremont Industrial Park R.A. Ord # 700
1505.5 Richard Street	\$232,500	Claremont Industrial Park R.A. Ord # 700
Central Railroad Etc	\$53,500	Claremont Industrial Park R.A. Ord # 700
New York Bay	\$30,000,000	Caven Point Redevelopment Area
Richard Street	\$275,600	Caven Point Redevelopment Area
Morris Canal & C.R.R.	\$8,500	Liberty Harbor
Morris Canal	\$10,100	Liberty Harbor
288 Duncan Avenue	\$16,000	Lease Agreement w/J.C. Public Schools
286 Duncan Avenue	\$16,000	Lease Agreement w/J.C. Public Schools
284 Duncan Avenue	\$16,000	Lease Agreement w/J.C. Public Schools
282 Duncan Avenue	\$16,000	Lease Agreement w/J.C. Public Schools
280 Duncan Avenue	\$16,000	Lease Agreement w/J.C. Public Schools
57-55 Gautier Avenue	\$10,900	Easement-Common Driveway
Communipaw	\$41,700	Marine Ind R.A.
Communipaw Avenue	\$215,800	Marine Ind R.A.

## Jersey City Property Inventory - Vacant Land

103 Oxford Avenue	\$19,300	Parking for Baord of Education
105 Oxford Avenue	\$19,300	Parking for Board of Education
Boyd Court-Inside	\$4,200	Parking for Fire Department
308 Fairmount Avenue	\$9,200	Parking For Municipal Court
302 Fairmount Avenue	\$9,300	Parking For Municipal Court
7 Boland Avenue	\$7,900	Parking For Municipal Court
Tonnele, Gar. & Pav.	\$18,200	Sitting Area
Academy Street	\$55,100	Do not Sell-Part of apple tree house
Inside Academy Street	\$4,900	Do not Sell-Part of apple tree house
57-59 Storms Avenue	\$14,600	Lease with B.A.L.C. Inc
89-91 Storms Avenue	\$51,800	AKA/254-262 Amonticello Avenue
236 Monticello Avenue	\$11,300	Monticello R.A.
234 Monticello Avenue	\$14,600	Monticello R.A.
232-228 Monticello Avenue	\$38,000	Additional Lots: 7,8-Monticello Redev. Area
12 Fairview Avenue	\$14,000	Monticello Redevelopment Area
8 Fairview Avenue	\$70,000	Monticello R.A.
332 Fairmount Avenue	\$9,600	Monticello Avenue Redevelopment Area
220 Monticello Avenue	\$149,500	Monticello Avenue Redevelopment Area
146 Summit Avenue	\$20,000	Medical Center
57 Clifton Place	\$0	Medical Center
38 Clifton Place	\$10,800	Medical Center
61 Jewett Avenue	\$5,600	Monticello Redevelopment Area
122 Monticello Avenue	\$14,100	M.R.A.
125-127 Monticello Avenue	\$13,200	Monticello Avenue Redevelopment Plan
520 Bergen Avenue	\$139,000	Monticello R.A. License Agreement See File
646 Communipaw Ave	\$12,400	Monticello Redevelopment Plan
558 Communipaw Ave	\$12,900	M.R.A.
492 Bergen Ave	\$8,200	Do not sell-See File
494 Bergen Ave	\$11,300	Do not sell-See File
57 Seidler Street	\$4,500	Future Municipal Street
59 Seidler Street	\$4,500	Future Municipal Street
82 Clinton Avenue	\$2,700	Future Municipal Street
44 Seidler Street	\$3,100	Future Municipal Street
46 Seidler Street	\$3,000	Future Municipal Street
48 Seidler Street	\$3,000	Future Municipal Street
50 Seidler Street	\$3,000	Future Municipal Street
52 Seidler Street	\$3,300	Future Municipal Street
563-571 M.L.King Dr	\$45,600	AKA/563-571 Jackson Ave
747 Grand Street	\$30,100	Also Lots 17,18
735 Grand Street	\$50,100	Also Lots 20-24 Future Redevelopment
Randolph Ave	\$0	Also Lots: g.5&g.6 (See index Card for More
980 Garfield Ave	\$22,600	Also Lot 27- Morris Canal Redevelopment P
978 Garfield Ave	\$13,600	Morris Canal Redevelopment Plan
976-974 Garfield Ave	\$23,300	Also Lot 30 Morris Canal Redevelopment PI
972 Garfield Ave	\$10,500	Morris Canal Redevelopment Plan
970 Garfield Ave	\$13,400	Morris Canal Redevelopment Plan
1056 Garfield Ave	\$18,900	Morris Canal Redevelopment Plan
1058 Garfield Ave	\$4,200	Morris Canal Redevelopment Plan
1054 Garfield Ave	\$20,500	Morris Canal Redevelopment Plan
18 Seidler Street	\$7,000	Future Municipal Street

## Jersey City Property Inventory - Vacant Land

537.5 M.L.King Drive	\$6,600	M.I.King Area N.H.S. See File
537 M.L.king Drive	\$6,600	M.I.King Area N.H.S. See File
535 M.I.King Drive	\$7,500	M.I.King Area N.H.S. See File
88 A Dekalb Ave	\$44,100	Do not Sell-See File
521 M.L. King Dr	\$6,400	Maritin Luthe King Redevelopment paln
87 Clinton Ave	\$7,400	Future Municipal Project
523 M.L.King	\$7,500	M.L.K.Study Area
19 Seilder Street	\$8,400	N.H.S
483 M.L.king Drive	\$34,000	Martin Luther King Redevelopment Plan
597 Bramhall Ave	\$7,500	Do not sell-See File
239-241 Clerk Street	\$25,000	Also Lot4
772-776 Ocean Ave	\$40,600	Also Lots I. 1%47E
39 Oak Street	\$4,800	Matrin Luther King Redevelopment Plan
444 M.L.king Drive	\$6,400	M.I.King Study Area
446 M.L.King Drive	\$9,300	M.I.King Study Area
45 Oak Street	\$3,700	Martin Luther King Redevelopment Plan
440 M.L.king Drvie	\$7,200	M.I.King Study Area
438 M.L.King Drive	\$4,000	M.L.K Study Area
436 M.L.king Drive	\$7,700	M.L.K.Study Area
416 M.I.King Drive	\$5,500	M.I.King Study Area
414 M.L.King Drive	\$5,500	M.I.King Study Area
412 M.L.King Drive	\$5,200	M.I.King Study Area
Inside Plot	\$1,900	M.I.King Study Area
M.L.king Drive	\$2,600	M.I.King Study Area
Inside Plot	\$2,500	M.I.King Study Area
110 Oak Street	\$53,600	Also Lots 96,98
437 M.L.king Drive	\$6,600	M.I.King Study Area
423 M.I.king Drive	\$7,500	M.I.King Study Area
126 Virginia Ave	\$7,400	Expansion of Greenville Redevelopment Pla
67 Virginia Avenue	\$6,800	Cannot Sell-MLK Hub
Bernius Court	\$10,500	Greenville
2-6 Bernius Court	\$11,300	Additional Lot #38 -Greenville
Bernius Court	\$21,900	Also Lots 14,15
328 Bergen Ave	\$23,900	Greenville
326 Bergen Ave	\$7,800	Greenville
332 Bergen Ave	\$30,000	Greenville
Inside PI Bernius Court	\$2,300	Greenville
76 Ege Avenue	\$7,500	Expanded MLK R.A.
Ege Avenue	\$6,900	Greenville
98 Ege Ave	\$6,600	MIK Study Area
104 Ege Avenue	\$6,000	Greenville
90 Ege Avenue	\$6,600	Greenville
88 Ege Avenue	\$3,600	Greenville
99 Ege Avenue	\$6,500	Expansion of Greenville Redevelopment Pla
119 Ege Avenue	\$6,300	MIK Study Area
89 Kerney Avenue	\$12,800	Expansion of Greenville Redevelopment Pla
119 Kerney Avenue	\$6,800	Expansion of Greenville Redevelopment Pla
306 Bergen Avenue	\$26,600	Greenville
188 A Claremont Ave	\$4,600	Also Lot 20
301 MLK King Drive	\$7,900	MLK Study Area MCC-311

## Jersey City Property Inventory - Vacant Land

100 A Grant Avenue	\$10,800	MCC-311
140-142 Grant Avenue	\$23,500	Housing Authority
603-601 Ocean Ave	\$14,600	Ocean Bayview-Ord
Arlington Avenue Inside	\$10,100	LRT Project
267 Arlington Ave	\$17,000	LRT Project
274 Arlington Ave	\$13,400	LRT Project
161 Pacific Avenue	\$7,300	Morris Canal Redevelopment Plan
159 Pacific Avenue	\$8,200	Morris Canal Redevelopment Plan
70 Carteret Avenue	\$405,600	Morris Canal Redevelopment Plan
Dakota Street	\$84,400	Morris Canal Redevelopment Plan
148 Halladay Street	\$9,700	Also Concrete Platform-Occupied
Whiton Street	\$1,000	Morris Canal Redevelopment Plan
Pine Street	\$386,700	RTC properties-ORD 93-047 (4/28/93)
95 Van Horne Street	\$10,000	Morris Canal Redevelopment Plan
437 Communipaw Avenue	\$36,100	Cannot Sell Brownfield Redevelopment
372 Bramhall Avenue	\$8,900	N.H.S
195 Van Horne Street	\$8,800	N.H.S
197 Van Horne Street	\$12,400	N.H.S
225 Halladay Street	\$10,000	Morris Canal Redevelopment Plan
377 Communipaw Avenue	\$10,000	Morris Canal Redevelopment Plan
375 Communipaw Avenue	\$10,200	Morris Canal Redevelopment Plan
377-373 Communipaw Avenue	\$9,800	Morris Canal Redevelopment Plan
211 Halladay Avenue	\$2,400	Morris Canal Redevelopment Plan
213 Halladay Avenue	\$4,800	Morris Canal Redevelopment Plan
215 Halladay Avenue	\$4,800	Morris Canal Redevelopment Plan
222-224 Pine Street	\$25,000	Landex
51 Lafayette Street	\$9,200	Interfaith Community Organization
292 Halladay Street	\$4,800	New Community Project
290 Halladay Street	\$4,800	New Community Project
177 Halladay Street	\$4,800	New Community Project
295 .5 Halladay Street	\$4,800	Lafayette Redevelopment plan
139 Lafayette Street	\$48,700	I.E.I.E.C. Inc Developer
Bishop Street	\$15,600	Morris Canal Redevelopment Plan
482 Communipaw Avenue	\$2,800	Morris Canal Redevelopment Plan
5-3 Summit Avenue	\$18,800	Cannot Sewll-M.C.R.A. Redevelopment
323 Halladay Street	\$3,400	Lafayette Redevelopment plan
325 Halladay Street	\$3,400	Lafayette Redevelopment plan
101 Maple Street	\$5,000	Lafayette Park Area
248 Pine Street	\$9,600	Landex Development
250 Pine Street	\$9,600	Landex Development
52 Lafayette Street	\$6,400	Lafayette Park Area
364 Whiton Street	\$4,800	Lafayette Redevelopment plan
343 Johnston Avenue	\$17,200	Lafayette Redevelopment plan
654 Grand Street	\$27,800	Morris Canal Redevelopment Plan
652 Grand Street	\$4,900	Morris Canal Redevelopment Plan
629 Grand Street	\$8,400	Morris Canal Redevelopment Plan
6 Bishop Street & Canal	\$4,100	Morris Canal Redevelopment Plan
8 Bishop Street 7 Canal	\$3,400	Morris Canal Redevelopment Plan
10 Bishop Street	\$3,500	Morris Canal Redevelopment Plan
627 Grand Street	\$11,400	Morris Canal Redevelopment Plan
12 Bishop Street & Canal	\$7,400	Morris Canal Redevelopment Plan
14 Bishop Street & Canal	\$7,400	Morris Canal Redevelopment Plan
16 Bishop Street & Canal	\$7,500	Morris Canal Redevelopment Plan

## Jersey City Property Inventory - Vacant Land

Morris Canal	\$33,600	Also lot A.11
429 Pacific Aveue	\$3,200	Lafayette Redevelopment plan
431 Pacific Avenue	\$3,200	Lafayette Redevelopment plan
122 Monitor Street	\$10,000	Morris Canal Redevelopment Plan
120 Monitor Street	\$20,000	Morris Canal Redevelopment Plan
Ash&Pine Street	\$900	Morris Canal Redevelopment Plan
445 Whiton Street	\$8,400	Also Lot B.2
437 Whiton Street	\$16,000	Also Lot 20
Bright Street	\$120,000	Montgomery Gateway Gacility
Inside Lot	\$3,400	Montgomery Gateway Gacility
107 Colden Street	\$10,000	Future Redevelopment Plan
Hudson River& NY Bay	\$76,500	Liberty Harbor North
Jersey Avenue Inside	\$87,000	Liberty Harbor North
Audrey Zapp Drive	\$268,000	Liberty Harbor North
Audrey Zapp Drive	\$348,000	Liberty Harbor North
Jersey Avenue Inside	\$73,800	Liberty Harbor North

**TOTAL: \$49,931,500**

**GRAND TOTAL: \$67,227,150**

## Jersey City Property Inventory - Occupied Buildings

### Property With No Notes

Address	Total Value
509 Westside Ave	\$217,600
341-343 Bergen Ave	\$178,900
65 Oak Street	\$50,000
297 Halladay Street	\$50,000
<b>TOTAL:</b>	<b>\$496,500</b>

### Property With Notes that Include the Word Hold

Address	Total Value	Note
-	-	-

### Property With Notes that Do Not Include the Word Hold

Address	Total Value	Note
121-125 Newark Ave	\$1,590,000	Lease w/O.E.T. & Burger King
28-30 Paterson Street	\$109,800	25 Yr Lease w/NHS (exp 3/3/15/17)
163 Old Bergen Road	\$96,300	Lease with P.A.L.
333-339 Bergen Ave	\$28,500	Agreement w/jcra for Senior Citizen Center
128 Ege Ave	\$130,400	Agreement w/jcra for Senior Citizen Center
130 Ege Ave	\$130,400	Agreement w/jcra for Senior Citizen Center
109 Oxford Avenue	\$109,500	Board of Education
95 Monticello Ave	\$30,800	In Rem # 84 B- Monticello Redevelopment Area
<b>TOTAL:</b>	<b>\$2,225,700</b>	
<b>GRAND TOTAL:</b>	<b>\$2,722,200</b>	

## JCRA Property

Address	Acquired Value	Purchase Date	Redevelopment Area
21 -25 Clinton	\$175,000	Dec-99	Arlington Park NDPII
180 9th	\$992,600	Jan-83	Betz
522 Manilla	\$7,100	Jan-83	Betz
Caven Point Road	\$942,500	Oct-85	Caven Point
Foot of ChapelAve.&Caven P	\$15,104,651	Feb-99	Caven Point
Morgan Street	\$462,100	83	Exchange Place
Route 440	\$172,600		Droyers Point
346 Bergen Ave	\$550,000	Dec-99	Greenville
88-96 Virginia Ave	\$135,000	Jan-00	Greenville
Greenville Yards	\$170,000	Aug-91	Greenville Industrial Lot 15
Greenville Yards	\$4,500,000	Aug-91	Greenville Industrial Lot 24
	\$97,500	Aug-91	Greenville Industrial
	\$19,550		Greenville Industrial
Manila Ave	\$226,600	Sep-69	Henderson
94 First Street	\$533,390	Feb-99	Hudson Exchange
Corner of Washington &2nd St	\$150,000	Dec-97	Hudson Exchange
Hudson River	\$4,832,515	Jan-99	Hudson Exchange
Caven Point Road	\$441,646	Feb-99	Liberty Harbor
241-251 Grand Street	\$230,000	Jan-91	Liberty Harbor North
239 Grand Street	\$65,000	Jan-90	Liberty Harbor North
237 Grand Street	\$41,600	Dec-83	Liberty Harbor North
235 Grand Street	\$11,841	Oct-98	Liberty Harbor North
233 Grand Street	\$92,500	Jun-87	Liberty Harbor North
223 Grand Street	\$10,700	Jun-87	Liberty Harbor North
225 Grand Street	\$10,500	Dec-83	Liberty Harbor North
227 Grand Street	\$10,400	Dec-83	Liberty Harbor North
229 Grand Street	\$10,200	Dec-83	Liberty Harbor North
231 Grand Street	\$10,100	Dec-83	Liberty Harbor North
221 Grand Street	\$126,000	Dec-89	Liberty Harbor North
219 Grand Street	\$123,000	Dec-87	Liberty Harbor North
215 Grand Street	\$37,000	Dec-83	Liberty Harbor North
217 Grand Street	\$34,000	Dec-83	Liberty Harbor North
213 Grand Street	\$125,000	Apr-91	Liberty Harbor North
211 Grand Street	\$19,000	Jun-90	Liberty Harbor North
197-209 Grand Street	\$152,000	Sep-92	Liberty Harbor North
Canal Street	\$975,600	Sep-87	Liberty Harbor North
Canal Street	\$565,000		Liberty Harbor North
Canal Street	\$158,200		Liberty Harbor North
Canal Street	\$513,300		Liberty Harbor North
297 Grand Street	\$250,907	Apr-99	Liberty Harbor North
408-412 Jersey Ave	\$150,000	Jan-99	Liberty Harbor North
84-88 Canal Street	\$150,000	Jan-99	Liberty Harbor North
56 Canal Street	\$43,742	May-85	Liberty Harbor North
58-58.5 Canal Street	\$9,900	May-85	Liberty Harbor North
50-54 Canal Street	\$21,900	May-85	Liberty Harbor North
303-305 Grand Street	\$156,560	May-85	Liberty Harbor North
299 Grand Street		May-85	Liberty Harbor North
299-301 Grand Street	\$98,900	May-85	Liberty Harbor North

## JCRA Property

333 Grand Street	\$15,148	May-99	Liberty Harbor North
46 Canal Street	\$42,163	May-85	Liberty Harbor North
44 Canal Street	\$39,500	Jun-85	Liberty Harbor North
42 Canal Street	\$21,200	Jul-85	Liberty Harbor North
34,34 1/2 Canal Street	\$37,000	Jul-85	Liberty Harbor North
32 Canal Street	\$30,081	May-85	Liberty Harbor North
30 Canal Street	\$6,500	May-85	Liberty Harbor North
285 Grand Street	\$130,000	Sep-99	Liberty Harbor North
293 Grand Street	\$34,000	Apr-86	Liberty Harbor North
295-297 Grand &Barrow St	\$79,400	May-85	Liberty Harbor North
26 Canal Street	\$105,000	Apr-99	Liberty Harbor North
24 Canal Street	\$85,000	Jan-99	Liberty Harbor North
259-271 Grand Street	\$45,658	May-99	Liberty Harbor North
2, 8 & 14 Canal	\$15,575		Liberty Harbor North
323 Grand Street		Nov-00	Liberty Harbor North
275 Grove Street		Aug-00	Majestic Theater
279 Grove Street		Aug-00	Majestic Theater
254 MLK Drive	\$35,000	Jan-97	MLK
134-150 MLK Drive	\$50,000	Jul-96	MLK
184 Fulton	\$65,000	Dec-97	MLK
186 Fulton Avenue	\$8,000	Sep-95	MLK
53 MLK Drive	\$48,549	Dec-96	MLK
59-65 Virginia Avenue	\$17,000	Dec-95	MLK
395-401 MLK Drive	\$146,000	Sep-96	MLK
391-393 MLK Drive	\$267,500	Feb-97	MLK
72 Ege & 70 Ege	\$15,104	Oct-96	MLK
66 Ege Avenue	\$7,552	Oct-96	MLK
389 MLK Drive	\$13,441	Feb-99	MLK
387 MKL Drive	\$8,307	Oct-96	MLK
383 MKL Drive	\$55,000	Jan-97	MLK
347-355 MLK	\$24,200	Sep-95	MLK
69 Kearney,361 MLK & 359 MLK	\$20,283	Oct-96	MLK
350-358 MLK Drive	\$21,200	May-96	MLK
59 Kearney Avenue	\$8,800	Feb-96	MLK
57 Kearney Avenue	\$56,000	Nov-95	MLK
55 Kearney Avenue	\$92,000	Apr-96	MLK
43 Kearney Avenue	\$60,000	Jul-96	MLK
41 Kearney, 398 Kearney	\$23,196	Oct-96	MLK
37 Kearney			
35 Kearney, 33 Kearney	\$16,938	Oct-96	MLK
31 Kearney,29 Kearney	\$37,113	Oct-96	MLK
27 Kearney, 25 Kearney			
437 Rose			
32-32 Orient Avenue	\$11,500	Dec-96	MLK
36-38 Orient Avenue	\$54,000	Jan-97	MLK
40 Orient Avenue	\$10,249	Oct-96	MLK
42 Orient Avenue	\$45,000	Jan-97	MLK
44 Orient Avenue	\$18,125	Apr-97	MLK
46-48 Orient Avenue	\$62,000	Mar-97	MLK

## JCRA Property

50 Orient Avenue	\$10,357	Jan-97	MLK
19 Kearney Avenue	\$7,600	Sep-96	MLK
17 Kearney, 17 Kearney (rear	\$22,333	Oct-96	MLK
15 Kearney, 13 Kearney			
9-11 Kearney	\$22,000	Sep-96	MLK
677 Ocean Avenue	\$9,062	Oct-96	MLK
675 Ocean Avenue	\$88,000	Nov-96	MLK
673 Ocean Avenue	\$8,631	Oct-96	MLK
671 Ocean Avenue	\$10,200	May-96	MLK
661 Ocean, 659 Ocean Ave	\$19,419	Oct-96	MLK
8 Orient Avenue 10 Orient	\$17,909	Oct-96	MLK
430 Rose Avenue	\$10,465	Oct-96	MLK
434 Rose Avenue	\$65,000	Oct-96	MLK
MLK Drive Between Ege Ave	\$106,888	Oct-98	MLK
& Kearney			
14 Kearney Avenue	\$35,000	Aug-96	MLK
12 Kearney	\$14,133	Oct-96	MLK
683 and 685 Ocean Avenue	\$135,000	Jul-96	MLK
687 Ocean Avenue	\$75,000	Jul-96	MLK
Virginia Avenue	\$512,129	Oct-98	MLK
68 Ege Ave & MLK Dr	\$115,000	Jan-99	MLK
536 Grand Street	\$85,400		Montgomery Street
516-24 Grand Street	\$202,500	Dec-99	Montgomery Street
528-14 Grand Street			
Coldent Street			
100 Monitor Street		Jul-00	Morris Canal
214-218 Monitcello Avenue	\$58,887	Nov-99	
17-15 Fairview Avenue			
79-85 Newkirk St and		Jul-99	
356-362 Summit Avenue			
192-194 Academy St. &	\$3,625,000	Jul-99	
356-362 Summit Avenue			
209 Ninth Street	\$7,800		
388 Ocean Avenue	\$8,631	Mar-96	Ocean Bayview
460 Ocean Avenue	\$8,900	Feb-97	Ocean Bayview
393 Ocean Avenue	\$8,108	Dec-98	Ocean Bayview
391 Ocean Avenue	\$8,000	Dec-98	Ocean Bayview
389 Ocean Avenue	\$7,467	Dec-98	Ocean Bayview
387 Ocean Avenue	\$8,108	Dec-98	Ocean Bayview
377 Ocean Avenue	\$7,894	Dec-98	Ocean Bayview
375 Ocean Avenue	\$7,787	Dec-98	Ocean Bayview
373 Ocean Avenue	\$7,681	Dec-98	Ocean Bayview
41 Van Nostrand Avenue	\$7,894	Dec-98	Ocean Bayview
43 Van Nostrand Avenue	\$7,894	Dec-98	Ocean Bayview
45 Van Nostrand Avenue	\$8,108	Dec-98	Ocean Bayview
386 Ocean Avenue	\$7,681	Dec-98	Ocean Bayview
384 Ocean Avenue	\$7,574	Dec-98	Ocean Bayview
370-372 Ocean Avenue	\$23,469	Dec-98	Ocean Bayview
382 Ocean Avenue	\$7,787	Dec-98	Ocean Bayview
380 Ocean Avenue	\$7,894	Dec-98	Ocean Bayview

## JCRA Property

378 Ocean Avenue	\$7,894	Dec-98	Ocean Bayview
374 Ocean Avenue	\$8,534	Dec-98	Ocean Bayview
420-422 Ocean Avenue	\$18,775	Dec-98	Ocean Bayview
418 Ocean Avenue	\$8,321	Dec-98	Ocean Bayview
416 Ocean Avenue	\$7,787	Dec-98	Ocean Bayview
414 Ocean Avenue	\$9,601	Dec-98	Ocean Bayview
412 Ocean Avenue	\$7,254	Dec-98	Ocean Bayview
408 Ocean Avenue	\$8,108	Dec-98	Ocean Bayview
52 Armstrong Avenue	\$11,841	Dec-98	Ocean Bayview
Ft of Chapel Avenue	\$999,000	Oct-96	Ocean Bayview
376 Ocean Avenue	\$191,000	Jul-98	Ocean Bayview
410 Ocean Avenue	\$12,000	Sep-95	Ocean Bayview
371 Ocean Avenue	\$9,000		Ocean Bayview
Van Vorst Street	\$12,000	Jul-00	Tidewater Basin
Dudley & Warren Street	\$240,000	Jul-00	Tidewater Basin
369 First Street	\$14,000	Feb-87	Village
272 Christopher Columbus	\$122,000	Feb-87	Village
Monmouth & First Street	\$4,100		Village

Jersey City Tax Abatement Data								
Project Name	Abatement Ordinance Date	City Council (y-n)	Industry Sector	Type*	Term	Scale***	PILOT**	Other Payments
<b>Cali Harbor South Pier</b>	11/8/2000	8 to 0	Hotel	2%	20	1-5=2% 7-9=20% 10=13=40% 13-15=60% 15-20=80%	\$640,093	..
<b>Liberty Waterfront</b>	8/16/2000	6 to 2	Housing	15%	20	1-6=15% 7-9=20% 10-12= 40% 13-14=60% 15-20= 80%	\$513,413	\$96,750
<b>NOC VI</b>	7/19/2000	7 to 0	Office	2%	20	1-6=2% 7-9=20% 10-14=40% 15-17=60% 18-20=80%	\$911,400	\$18,230 (per year)
<b>NOC VII</b>	7/19/2000	6 to 0	Office	2%	20	1-6=2% 7-9=20% 10-14=40% 15-17=60% 18-20=80%	\$2,735,000	\$683,750
<b>30 Hudson</b>	4/26/2000	8 to 0	Office	2%	20	1-6=2% 7-10=20% 11-14=40% 15=60%16-20=80%	\$3,962,185	\$936,851
<b>50 Hudson</b>	4/12/2000	8 to 0	Office	2%	20	1-6=2% 7-10=20% 11-14=40% 15-60% 16-20=80%	\$1,446,603	\$320,289
<b>77 Hudson</b>	4/12/2000	8 to 0	Office	2%	20	1-6=2% 7-9=10% 10-12=10% 13-20=50%	\$2,870,387	\$783,358
<b>NOC V</b>	1/12/2000	7 to 2	Office	2%	20	1-6=2% 7-9=20% 10-14=40% 15-17=60% 18-20=80%	\$1,733,832	\$531,360
<b>70 Hudson</b>	10/25/1999	..	Office	2%	20	1-6=2% 7-10=20% 11-14=40% 15=60%16-20=80%	\$1,059,527	\$296,250
<b>Millenium Towers</b>	8/10/1999	5 to 4	Housing	15%	20	1-6=15% 7-9=20% 10-14=40% 15-17=60% 18-20=80%	\$2,370,259	\$503,475
<b>75 Grand/95 Green</b>	5/17/1999	..	Office	2%	30	1-6=2% 7-9=20% 10-15=40% 15=60% 16-30=80%	\$654,340	..
<b>NOC IV</b>	4/14/1999	7 to 1	Office	2%	20	1-5=2% 6-10=20% 11-14=40% 15-16=60% 17-20=80%	\$1,530,540	\$504,000
<b>90 Hudson</b>	5/13/1998	6 to 2	Office	2%	20	1-6=2% 7-10=20% 11-14=40% 15-60% 16-20=80%	\$1,088,336	\$303,225
<b>NOC III</b>	4/22/1998	7 to 2	Office	2%	15	1-5=2% 6-10=20% 11-15=40%	\$1,100,000	\$375,000

Data in this table was provided by the Office of the Tax Collector. Some of the data differs from data provided by HEDC, and it appears that final numbers were not provided to us in some cases.

More detailed review of final documents (and the creation of a central repository somewhere in the City where final, complete tax abatement information is kept) is recommended.

\*Type of Abatement Requested (2% of cost or 15% of revenue)

\*\*Amount of initial annual service charge

\*\*\*Scale of increase in payments over time (year X through year Y at Z%)

\*\*\*\* Number of jobs created:  
contruction/permanent

.. Information not provided

Project Name	Square Feet	Estimated Project Cost	# of Stories	Jobs****	Street Address of Project	Pre-development Assessed Value	Taxes	In what year?
<b>Cali Harbor South Pier</b>	200,000	\$29,741,266	9	300/280	Harbor-side South Pier	\$956,700	\$42,688	1998
<b>Liberty Waterfront</b>	128,475	\$26,182,259	7	300/10	39 Essex Street	\$728,300	\$48,323	1999
<b>NOC VI</b>	310,000	\$45,570,000	12	200/35	Washington Blvd.	\$2,179,400	\$97,245	1999
<b>NOC VII</b>	930,000	\$136,750,000	29	300/100	Washington Blvd.	\$8,861,300	\$395,391	1999
<b>30 Hudson</b>	1,224,418	\$360,907,432	42	1000/5,500	Hudson Street	\$4,823,900	\$226,687	1999
<b>50 Hudson</b>	391,802	\$75,382,582	11	1000/750	Hudson Street	\$2,753,700	\$122,870	1999
<b>77 Hudson</b>	1,045,010	\$143,518,906	32	400/100	Hudson Street	\$3,223,000	\$143,810	1999
<b>NOC V</b>	708,500	\$86,691,600	21	200/75	Washington Blvd.	\$4,069,900	\$181,599	1999
<b>70 Hudson</b>	394,296	\$52,976,327	12	300/50	Hudson Street	\$1,549,500	\$69,139	1998
<b>Millenium Towers</b>	148,298	\$170,487,585	41	1000/75	Jersey Ave.	..	\$43,320	1999
<b>75 Grand/95 Green</b>	300,000	\$32,557,041	8	225/800	95 Greene Street	\$1,452,000	\$64,806	1998
<b>NOC IV</b>	672,000	\$76,527,000	21	2000/75	Washington Blvd.	\$5,420,000	\$241,840	1998
<b>90 Hudson</b>	404,000	\$54,416,800	11	300/1,200	Hudson Street	\$1,566,200	\$77,423	1997
<b>NOC III</b>	645,983	\$51,675,000	14	1500	Washington Blvd.	\$3,922,600	\$163,941	1997

Data in this table was provided by the Office of the Tax Collector. Some of the data differs from data provided by HEDC, and it appears that final numbers were not provided to us in some cases.

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\*Type of Abatement Requested (2% of cost or 15% of revenue)

\*\*Amount of initial annual service charge

\*\*\*Scale of increase in payments over time (year X through year Y at Z%)

\*\*\*\* Number of jobs created: construction/permanent

.. Information not provided

HEDC Table 1: Comparison of Jersey City Licensing Fees to Surrounding Communities								
License <sup>4</sup>	Jersey City	North Bergen	Elizabeth	Hoboken	Union City	Newark	Camden	Bayonne
Auto Repair	\$50	\$250	Not issued	\$350	\$100	\$100	\$115	Issued by the State
Towing (per vehicle)	\$100	\$400 up to one ton over one ton \$500 max of 1,500	\$250 per lot \$250 per year \$50 per permit	Not issued	\$500 per license \$100 application	\$150 per truck	\$115 per truck \$172 per flat bed	No regulation companies make bids and agreements w/City
Juke Box	\$25	\$75	\$50 first 3 \$150 per machine over 3 per location	\$75	\$50	\$75	\$46	\$75 first \$25 additional
Junk Yard	\$200	\$1,500	\$300 per year \$75 per vehicle	\$1000	\$250	\$500 \$1,000 bond	\$575 per acre \$805 per acre+	\$150 per year \$20 per vehicle
Used Car Dealer	\$100	\$1,000 \$1,000 ea additional yard	Not issued	\$500	\$500	\$.01 per Sq. Ft. \$175 min	\$345	Issued by the State
Second Hand Metals Dealer	\$100	\$400	\$500	\$100	\$50	\$150	\$304.75 non-profits \$57.50	\$100 \$25 renewals
Tire Disposal	\$10	Not issued	Not issued	Not Issued	Not Issued	\$75	\$550	Not Issued
Autocab Owner	\$100	\$200 1 <sup>st</sup> car \$75 each additional.	\$250 business \$50 per vehicle	\$275	\$150	\$275	\$50 per vehicle	No fee
Exhibition Theater	\$240	\$450	\$250	\$325	\$500	\$365	\$287.50	No theater in the City.
Taxi Owner	\$125	\$200 \$75 per cab	\$500 \$50 per cab	\$250	\$75	\$250	\$201.25	\$25
Burglar Alarm	\$5 <sup>5</sup>	\$100	Not Issued	Not Issued	No fee	\$20	Not Issued	Not Issued
Carnival	\$25 per event	\$750 each day \$50 per stand	\$300 per operator \$35 per vendor	\$75 per day	Issued by the State	\$250 per day	\$287.50 per week	\$50 per ride
Mechanical Amusement Device Operator (MAD):Distributor (per machine)	\$375 1 <sup>st</sup> \$25 each addntl. Renewal \$75 1 <sup>st</sup> \$25 each addnt.	\$75 per year \$50 each up to 10 \$75 more than 10	\$50 1 <sup>st</sup> three \$300 each additional	\$100	\$75	\$75	\$17.25	\$75 up to 3 or less \$750 4 or more \$25 each additional
Alcoholic Beverage Control								
Consumption	\$600	\$950.40	\$800	\$2,000	\$1,493	\$1,308	\$2,000	\$800
Distributor	\$600	\$.950.40	\$360	\$2,000	\$1,094	\$1,108	\$2,000	\$600
One day special (per event)	\$5	\$75.00 non profit \$50.00 civil org	\$75 non profit \$50 civil org	\$75.00 non profit \$50.00 civil org	Not Issued	\$75 per day	\$75 per day	\$75.00 non profit \$50.00 civil org

<sup>4</sup> Per year, unless otherwise noted.

<sup>5</sup> 3 year license

HEDC Table 2: Annual Increase in Revenue Generated from Jersey City Increased License and Permit Fees					
License Type	Proposed Fees	Current	Year 1	Year 2	Year 3
Auto Repair	\$200	\$10,000	\$40,000	\$40,000	\$40,000
Towing	\$250	\$9000	\$22,500	\$22,500	\$22,500
Juke Box	\$50	\$2,775	\$5,550	\$5,550	\$5,550
Junk Yard	Yr1 \$500 Yr2 \$800 Yr3 \$1000	\$5,400	\$13,500	\$21,600	\$27,000
Used Car	Yr1 \$300 Yr2 \$600 Yr3 \$800	\$10,000	\$30,000	\$60,000	\$80,000
Second Hand Metal Dealer	Yr1 \$400 Yr2 \$700 Yr3 \$1000	\$3,300	\$13,200	\$23,100	\$33,000
Tire Disposal	\$25	\$930	\$2,325	\$2,325	\$2,325
Autocab Owner	\$250	\$13,100	\$32,750	\$32,750	\$32,750
Exhibition Theater	\$350	\$4,500	\$6,300	\$6,300	\$6,300
Taxi Owner	\$250	\$19,000	\$23,750	\$23,750	\$23,750
Burglar Alarm	\$20	\$8,325	\$33,000	\$33,000	\$33,000
Carnival	\$200	\$700	\$5,600	\$5,600	\$5,600
MAD:Distributor	\$500	\$1,200	\$12,000	\$12,000	\$12,000
Alcoholic Beverage Control					
Consumption	Yr1 \$720 Yr2 \$864 Yr3 \$1000	\$135,000	\$162,000	\$194,400	\$225,000
Distributor	Yr1 \$720 Yr2 \$864 Yr3 \$1000	\$64,800	\$77,760	\$93,312	\$108,000
One Day Special	\$50	\$155	\$1,550	\$1,550	\$1,550
<b>TOTAL REVENUE</b>		<b>\$288,185</b>	<b>\$482,085</b>	<b>\$578,037</b>	<b>\$658,625</b>

Monthly Library Circulation Statistics - 2000												
Department/Branch	January	February	March	April	May	June	July	August	September	October	November	December
<b>Bookmobile</b>	536	798	23,310	807	943	715	707	**0	**0	**0	**0	**0
<b>Claremont</b>	1,630	2,577	2,252	1,494	1,688	1,819	1,939	1,898	1,572	2,044	2290	1,146
<b>Five Corners</b>	1,866	2,189	2,545	2,384	1,923	3,437	6,514	5,658	2,414	2,875	2984	2,565
<b>Greenville</b>	747	727	870	783	615	706	1,192	1,104	957	1,060	1198	809
<b>Hudson City</b>	620	559	725	671	609	821	1,500	1,249	711	922	853	609
<b>Lafayette</b>	*0	*0	*0	1054	962	880	708	369	358	923	796	548
<b>Main</b>	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	2,612	3,574	2,764
Children's Room	1,411	1,526	1,854	1,444	1,416	1,706	2,468	1,799	1,004	***	***	***
Lending	1,409	1,530	1,650	1,599	1,659	1,684	1,698	2,072	1,498	***	***	***
<b>Marion</b>	566	665	678	859	800	786	868	1,055	524	636	638	*356
<b>Media Arts</b>	2,035	1,716	1,946	1,689	1,438	1,489	2,921	1,901	1,447	1,378	846	1,209
<b>Miller</b>	3,343	3,037	2,571	1,187	2,400	3,109	3,527	3,581	3,378	1,617	3475	1,380
<b>Pavonia</b>	252	348	293	232	221	361	290	332	288	349	179	212
<b>Pearsall</b>	90	329	120	130	353	879	879	672	202	375	324	193
<b>Perfecto Criolla</b>	272	340	763	876	318	576	566	1,192	1117	631	1033	570
<b>West Bergen</b>	696	1,094	1,265	894	797	1,404	2675	747	747	898	861	*718
<b>TOTAL</b>	<b>15,473</b>	<b>17,435</b>	<b>19,842</b>	<b>16,103</b>	<b>16,142</b>	<b>20,372</b>	<b>28,452</b>	<b>23,629</b>	<b>16,217</b>	<b>16,320</b>	<b>19,051</b>	<b>13,079</b>

Statistics provided by the Jersey City Free Public Library

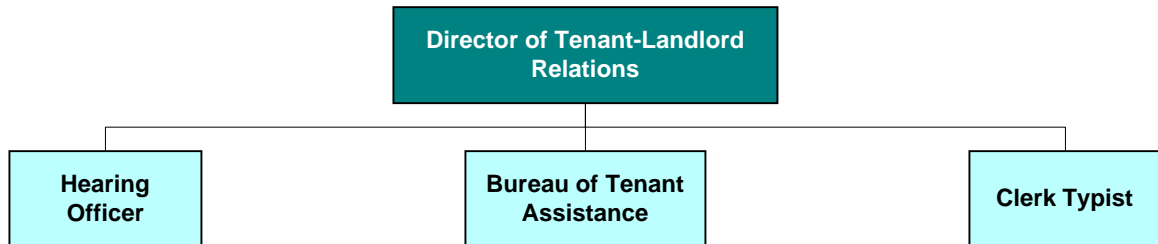
\* Closed for renovation

\*\* Bookmobile off the road for repairs

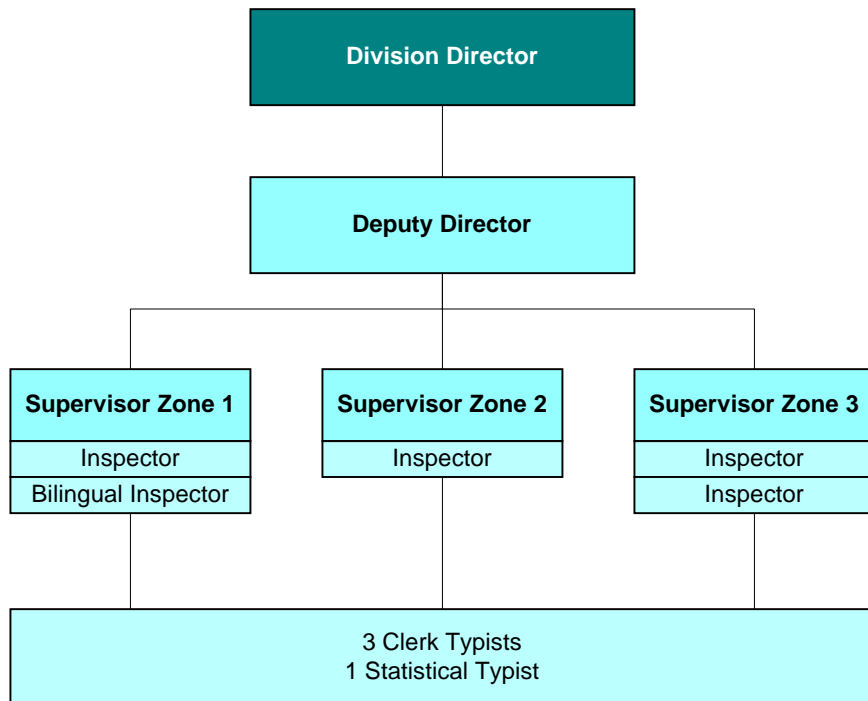
\*\*\* Statistics combined under Main

xxxx Statistics kept separately by Children's Room and Lending

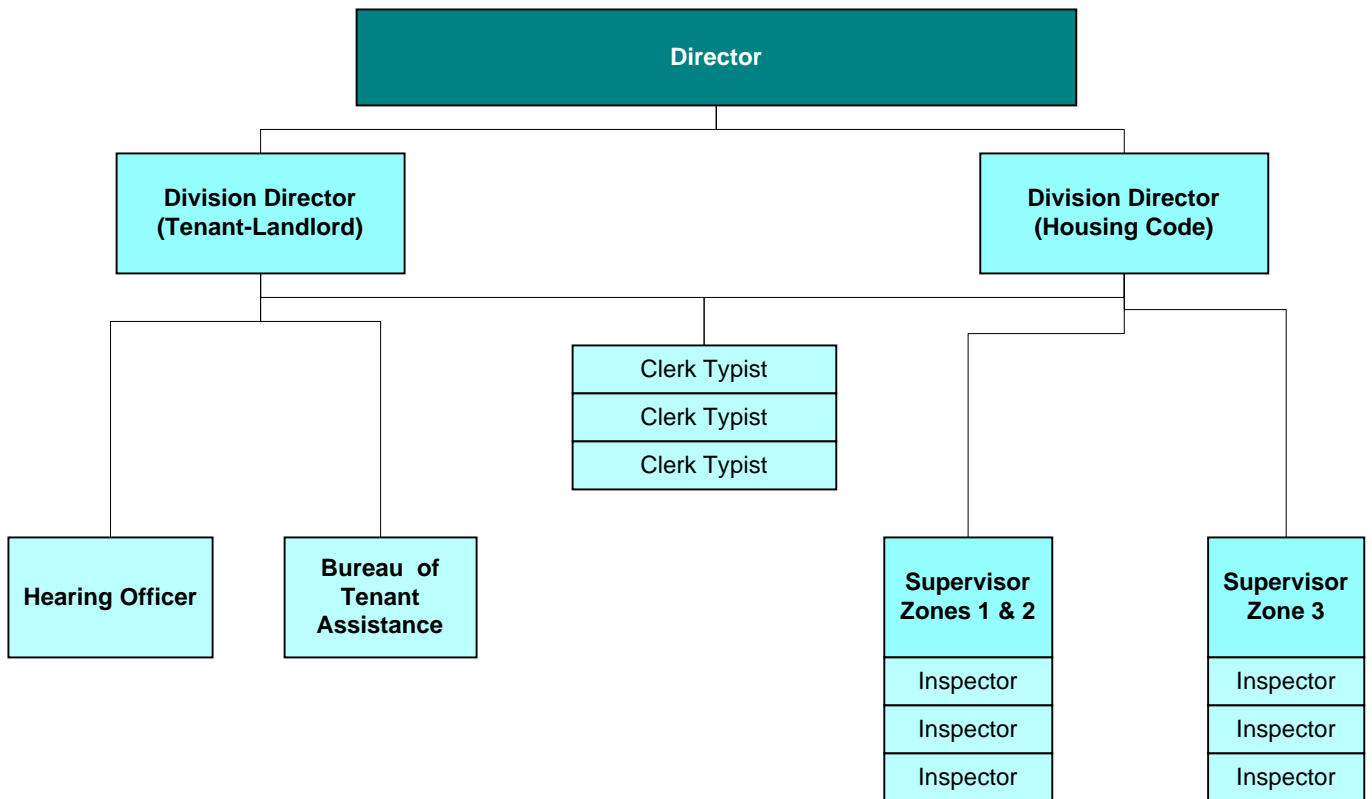
**As-Is  
Organizational Chart  
Division of Tenant-  
Landlord Relations  
(HEDC)**



**As-Is  
Organizational Chart  
Division of Housing Code  
Enforcement (NID)**

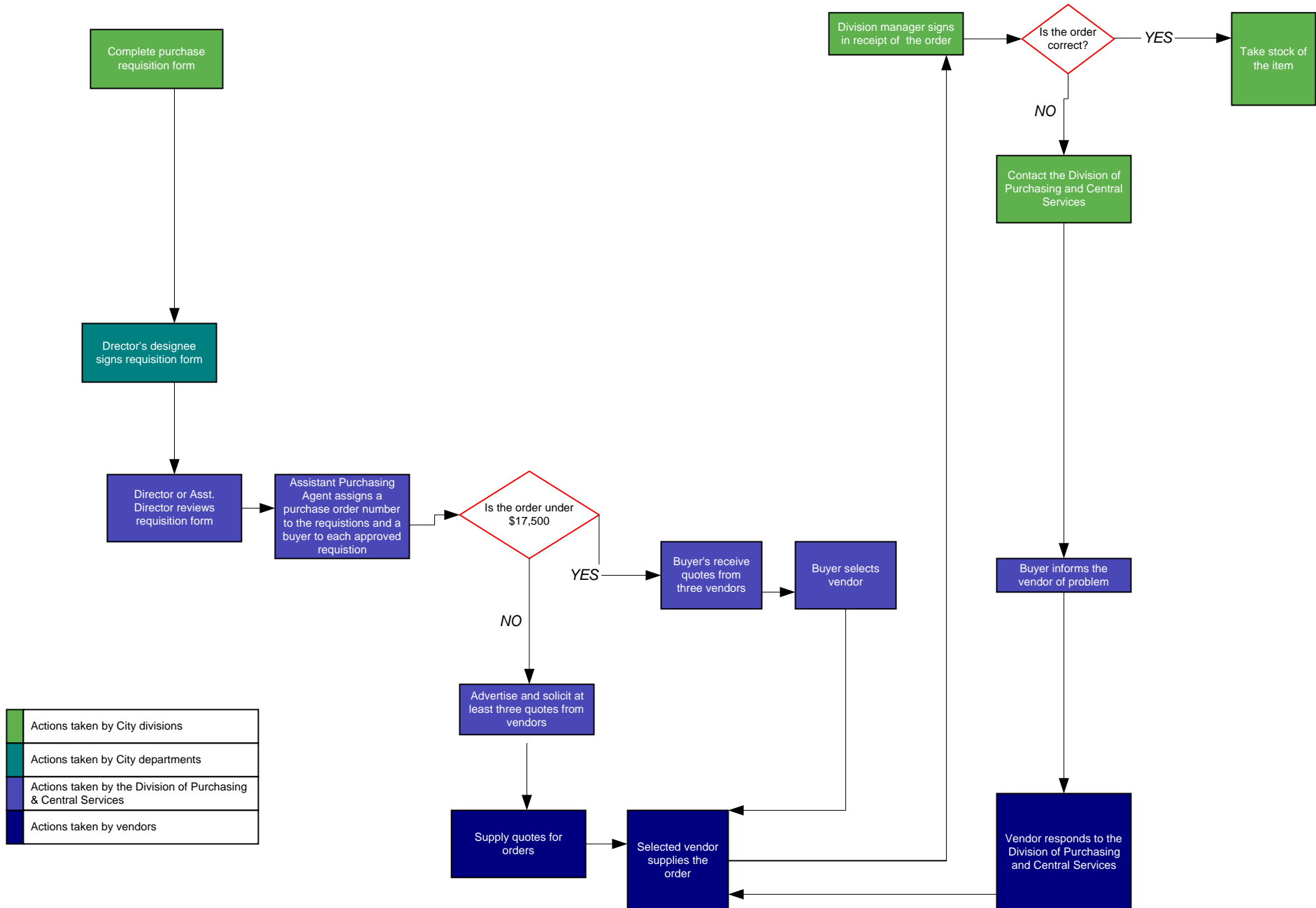


***To-Be Organizational Chart  
Tenant-Landlord/Housing Code  
(HEDC)***



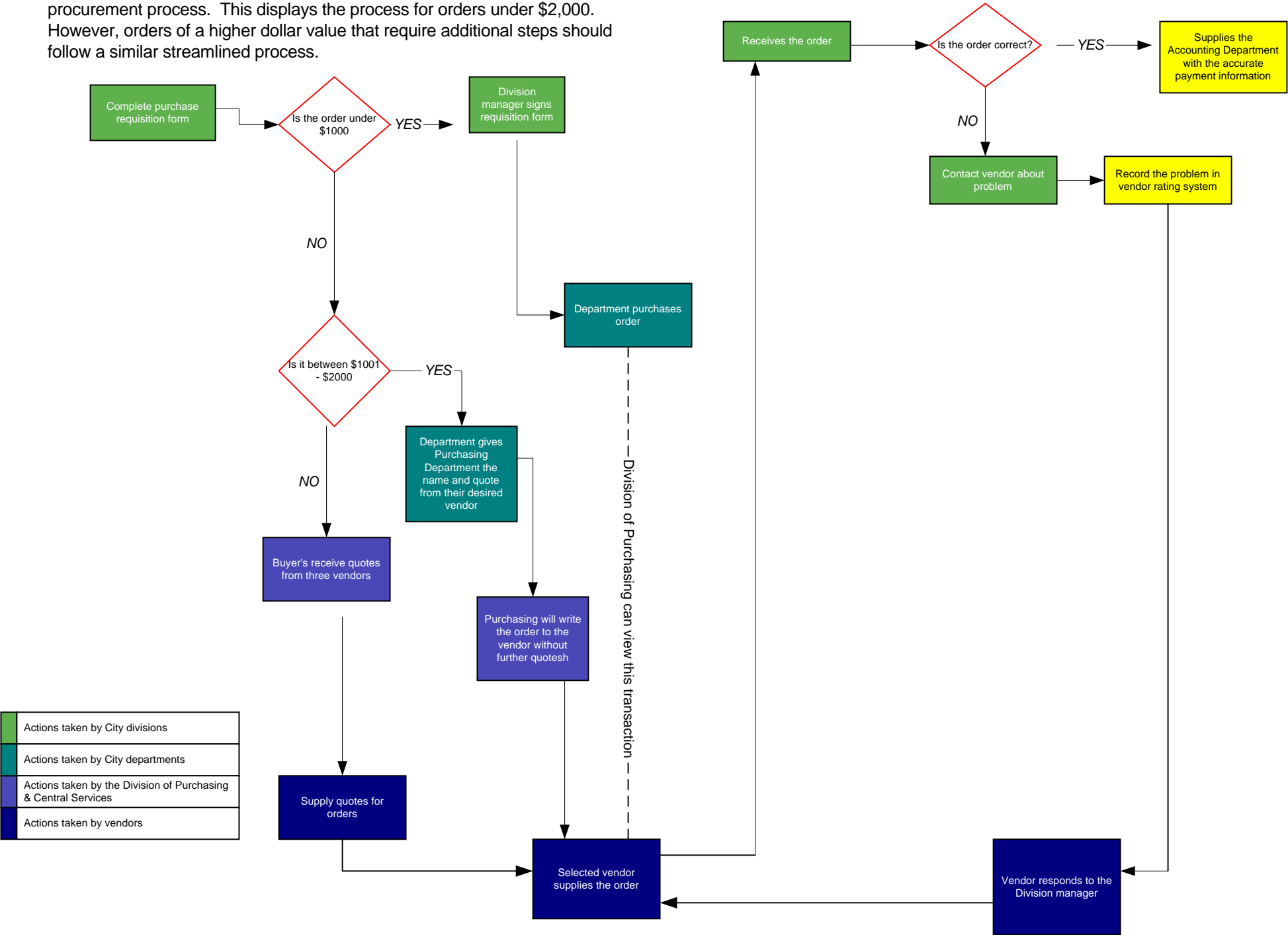
## MAP - 1 Current Jersey City Procurement Process

The following diagram represents Jersey City's procurement process. Specifically it is an example of orders under \$17,500. Orders of a higher value have a more detailed process.

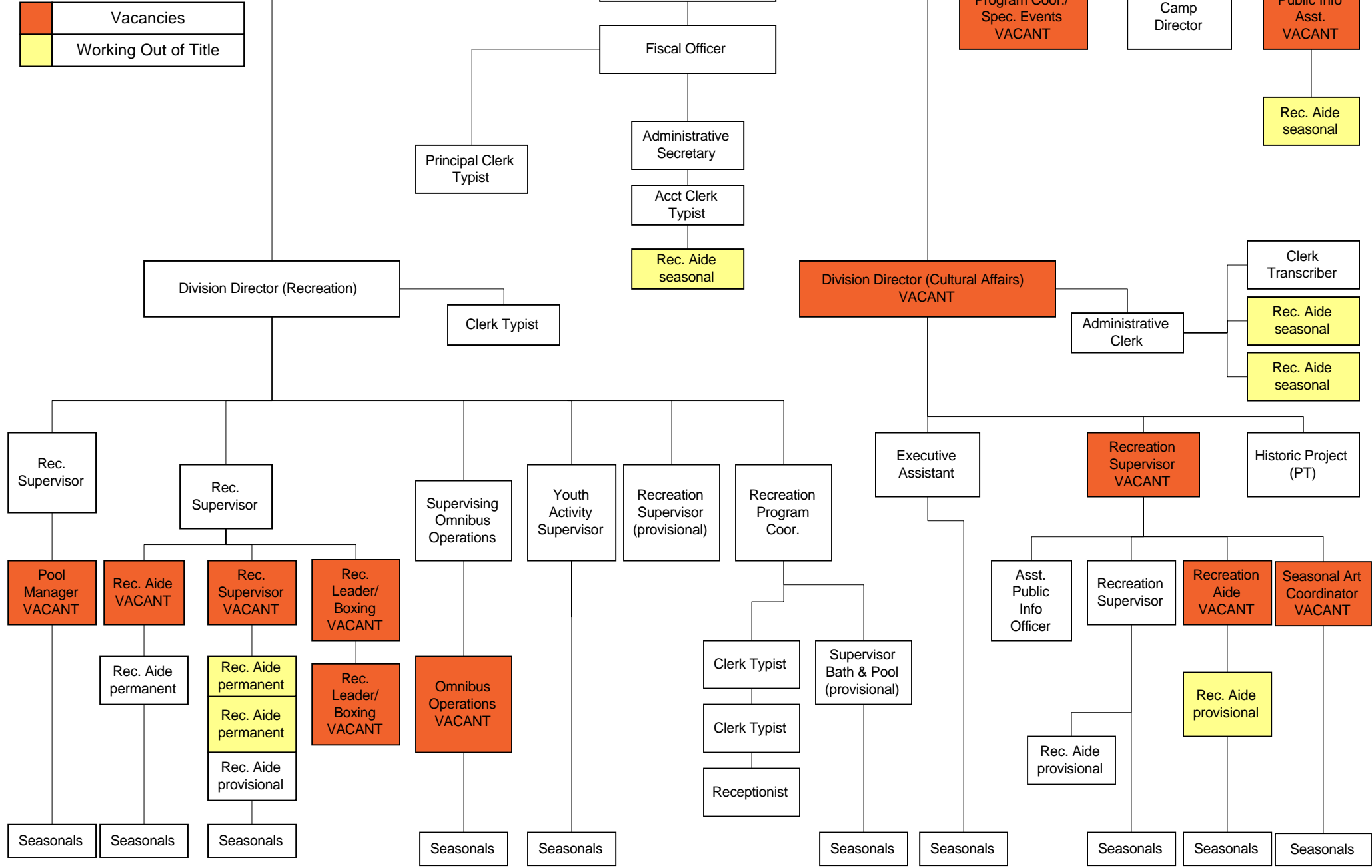


MAP - 2 Recommended Procurement Process

The diagram below represents an example of a more efficient and effective procurement process. This displays the process for orders under \$2,000. However, orders of a higher dollar value that require additional steps should follow a similar streamlined process.



	Vacancies
	Working Out of Title



# Source Documentation

## Division of Purchasing and Central Services

### The City of Jersey City

- Purchasing Policies and Procedures
- Messenger Schedule
- Proposal to Outsource Security Service, 2001
- Resolution 99-256; 98-881
- Division of Purchasing and Central Services Organizational Chart
- Department of Recreation and Cultural Affairs List of Security Employees
- Request for Proposal for PSE&G Billing Audit and Analysis
- Library Proposal to Outsource Delivery Services, 2000
- List of Library Branches and Square Foot Equivalent

### Municipal Utilities Authority (MUA)

- Requisition form and procedures
- Guidelines for requesting quotes or Request For Proposal's for engineering proposals
- Checklist for soliciting quotes for construction and service jobs
- Insurance requirement
- Memo regarding capital outlay procedures
- Management study done by an external accountant firm
- Copy of voucher
- Specifications for bids for various goods/services

## Division of Real Estate

- Jersey City Redevelopment Agency (JCRA)'s List Inventory of Property
- New Jersey Permanent Statute: Title 40A: 12-13
- Description of Vacant Buildings – Inventory Report
- Description of Department of Recreation and Cultural Affairs' office/trailer arrangements
- Municipal Building Inventory
- Lease Contract for 30 Montgomery St., Jersey City, New Jersey
- List of Leased Properties
- Lease Agreement for second floor of office building at 586 Newark Ave., Jersey City, New Jersey
- Jersey City Resolution 00-201
- Jersey City Resolution 00-295
- Washington, D.C. - Comprehensive Real Estate Cost Report
- Indianapolis (Marion County, Indiana) - Building Authority Enabling Statute and General History and Organizational Information on Building Authority

## **Tax Abatements**

- New Jersey Long and Short Term Tax Exemption Laws
- Tax Abatement Table of Information July 1997 – 2000 (provided by HEDC)
- Newspaper Articles (New York Times, The Jersey Journal)
- Practitioner's Guide to Fiscal Impact Analysis, Center for Urban Policy Research at Rutgers (provided by Office of Tax Collector)
- Tables: Payments In Lieu of Taxes (PILOT) Collected Under Expiring Abatements and Tax Abated Projects By Type (provided by Office of Business Administrator as prepared for City Council)
- Ordinance, Application and Related Documents, and Fiscal Impact Information on the following abated projects:
  - 30, 50, 70, 77, and 90 Hudson
  - Newport Office Complex III, IV, V, VI, and VII
  - Cali Harbor South Pier
  - Liberty Waterfront
  - Millenium Towers
  - 75 Grand/95 Green

## **Department of Housing, Economic Development, and Commerce (HEDC)**

- HEDC Organizational Chart
- Division of City Planning, Description of Services Rendered
- Rent Control Booklet
- Rent Control Ordinance: Chapter 260
- Tenant-Landlord Appeal and Complaint and Application Forms
- Landlord Registration Forms (examples)
- Tenant-Landlord Opinion Survey Questions
- Hallmark Appraisal Company – Limited Summary Appraisal Reports
- Vendor Payment Schedule
- Rutgers Regional Report – New Jersey Cities in the 1990s: An Updated Employment Report Card
- A Mature Industrial Economy in a Period of Transition: Characteristics and Trends in Jersey City's Manufacturing and Wholesale Trade Sectors
- Jersey City Waterfront Development Map
- Redevelopment & Zoning District Map
- Jersey City Historic Preservation Commission, Application Form and General Information
- License Fee Survey
- Application Forms from the Division of City Planning, Division of Commerce and Office of the Construction Code Official
- Annual Financial Statement for the SFY Year 2000 (Unaudited)
- Jersey City Advertisements from Business Facilities and Global Logistics & Supply Chain Strategies
- Community Development Functional Areas, Planning and Development
- History of Grant Applications
- CDBG Budget 2000-2001
- City of Jersey City Cost Sharing Program, Application Package FY99-00
- Waiver to Fill Vacant Positions (CDBG)
- Cost Sharing Funded Programs
- Historical Perspective Formula Grant Allocations

- Lead Based Paint Hazard Control Program Transition Implementation Plan
- Community Development "Wish List"
- Daily/Weekly Construction Code Inspector's Report
- Construction Permit Activity Report
- List of Employees in Division of Construction Code
- Division of City Planning Description of Services
- Greenville Industrial Redevelopment Plan
- Betz Brewery Redevelopment Plan
- Communipaw West Community Center Redevelopment Plan
- Martin Luther King Drive Redevelopment Plan

### **Jersey City Redevelopment Agency (JCRA)**

- Current inventory of property
- List of user fees for 99/00 and tired fee structure
- JCRA Independent Accountants' Report – Community Educational and Recreational Center (Ward E)
- Ground Lease between JCRA and Edison Schools Inc.
- Project Salary List
- JCRA Board List
- JCRA Authority Budget 2001
- JCRA Authority Budget 1997
- Financial Statements for the six months ended June 30, 2000 and 1999
- JCRA By-Laws
- JCRA Report of Audit for the years ended Dec. 31, 1999 and 1998
- JCRA Report of Audit for the years ended Dec. 31, 1997 and 1996
- List of scheduled usage and fees for the Betz-CERC (community center)
- Enabling Legislation (City Ordinance)
- CDBG Requests 2001
- Capital Reserve Study for CERC, 12/2000
- Resolution of JCRA regarding issuance of bonds in an amount not to exceed \$15,000,000 for the St. Peter's Project
- Ground Lease between JCRA and Martin Luther King Drive Renewal Joint Venture Partnership Shopping Center

### **Jersey City Incinerator Authority (JCIA)**

- Organizational Chart
- Job Descriptions
- Employee Handbook
- Authority budget FY2001(proposed)
- Auditors Report 1999
- Auditors Report 1998
- Auditors Report 1997
- Accounting Policy (GASB 14)
- JCIA Snow Removal Plan
- Report on JCIA Buildings Machinery and Equipment Report
- Resolution #96-04-02 (Bylaws of JCIA)
- JCIA \$4.1 million 1985 Series Revenue Bond Book
- DPW Automotive Fleet Auction 6/99
- Summary of Anti - Graffiti Program
- Vehicle Utilization Chart
- Tax Liens/Property Maintenance and Clean Up Costs

- Balance Sheet Ending 6/30/00 - draft
- Car Pound Statement of Revenues/Expenses
- Department Analysis of Expenditures (2000)
- Jersey City Snow Plan (2000-2001)
- Purchasing policies and procedures for JCIA
- Bid Calendar
- Unleaded Fuel Costs, Gallons
- Diesel Fuel Costs, Gallons
- Metro Call Wireless Invoice
- Description of items exempted from public bid and invoice
- State cooperative purchasing agreement

### **Jersey City Parking Authority (JCPA)**

- Authority budget FY2000, FY1999
- JCPA's Treasurer Report 2000
- City Ordinance - Towers and Towing (Ch. 319)
- City Ordinance - Parking and Public Garages
- Parking Lot Leases
- Service Contract for Towing Services
- Service Agreement Between the City and JCPA
- Lease agreement 174 Newark Ave
- Ticket Summary
- List of Assets (Vehicles, Lots, Computer Equipment, Radios, Telephones, Meters, Furniture, Other Equip)
- JCPA Financial Analysis, January 1995
- List of Sold and Leased Lots (May 1994)

### **Jersey City Free Public Library**

- Invoices from Comet Delivery Service, Inc.
- Organizational Chart
- Revenue and Expense Statements (Sept 00)
- General Ledger June 1999
- General Ledger FY2000
- Revenue and expense statements by department for the fiscal year ended June 2000
- Revenue and expense statements by department for the six-month period ended December 2000
- General listing for income and expenditures only for the fiscal year 2001 to date (December 2000)
- Vendor ledger report for the eighteen-month period ended December 2000
- Vendor listing
- Library Audited Financial Statements and Single Audit Reports
- Monthly Circulation Statistics (2000)
- Library Revenue and Expense Statement (June 2000)
- Library Revenue and Expense Statement (December 2000)
- Library Revenue and Expense Statement (September 2000)Comparison of Monthly Circulation
- Statistics for Automated and Non-Automated Branches
- Jersey City Free Public Library Operating Budget FY2001
- Transcript of Proceedings AFSCME Council 52 vs. Board of Trustees of Jersey City Library

- List of Events Sponsored by the Community Awareness Series
- Library Capital Improvements Plan (1996 - 2006)
- Branch Cost Estimates
- LSSI Presentation
- Vendor Ledger Report
- Library Payroll Register (10/26/2000)
- Account Segment Values Listing
- Performance Benchmark Report (December 6, 2000)
- Personnel Notice: Library Director for Fundraising
- Library's Proposal to Outsource Delivery Services
- Library Branch Directory
- Community Awareness Series Fliers and Brochures
- The City of Jersey City Library Board of Trustees
- Long Range Service Plan
- Community Awareness Series List of Expenses

### **Department of Neighborhood Improvement (NID)**

- Jersey City Snow Plan 2000-2001
- Organizational Chart
- Performance Measures documents, forms, meeting agendas
- District Map
- Monthly Revenue Goals and Analysis
- Com-Stat Monthly Report Employee Worksheets
- Mission and Vision Statements
- Information concerning Sprinkler Cap Program
- List of City Codes and Violations enforced by NID
- Notices of Violations
- Monthly statistics on fines, and dispositions
- Information concerning contracts with DOE Fund and Hudson Occupational
- Examples of NID fliers
- Dog Census information
- Job Descriptions/Specifications
- Enabling Legislation (City Ordinance)
- List of NID Manager's job description and specific duties
- Article on Community-Based Partnerships: What are they and Why do you need one?
- Brief on Grant Activities
- Public Parks Survey
- List of Community/Neighborhood Associations and Meetings Attended
- City Codes: Chapter 287 (Solid Waste), and Chapter 90 (Animals), Chapter 296 (Streets and Sidewalks)
- New Jersey Regional Community Policing Institute, Student Handouts

### **Department of Recreation and Cultural Affairs**

- Daily income figures for user fees collected at Pershing Field
- List of annual requests for field and indoor court use
- Organizational Chart
- Cultural Affairs monthly event calendars
- List of bus/van usage
- Recreation Lease for New Hope Housing (former YMCA) and supporting documentation

- List of Recreation events
- Water sprinkler schedule
- Aquatics Program schedule
- Recreation -Number of Employees by program
- Recreation –Recreation activities and total participants
- Detailed Division Budgets 2001 proposals
- Jersey City Art Tour Press Packet
- Division of Cultural Affairs list of programs and services
- Cultural Affairs brochures/handouts
- Personnel Info for Seasonal employees requesting Full-time Status
- Jersey City Landmarks: The Official Guide to Jersey City's Historical Building and Sites
- Binder of PR publications
- Special Events Planning Package 2000

## **Human Resources**

- State of New Jersey, Jersey City Personnel Management Project (Fred Begelman, June 2000)

## **Department of Health and Human Services**

- List of various projects planned and supported by the JC DHHS/Office of Senior Affairs
- List of events requiring transportation on a regular basis
- Information on JC WIC Program, including:
  - Description
  - Vendor List
  - Grant Application and Report
  - Spreadsheet of Caseload Management Information
  - New Jersey Department of Health Site Visit Evaluation
  - Existing Regulatory
  - New Minimum Standards Draft 12/00
  - 1996 Child Health Needs Assessment
  - Grant 2000 Applications
  - Staff Justifications

## **Department of Public Works**

- List of employees by Division, salaries and overtime
- Municipal Park Inventory
- Building Inventory
- Municipal Fleet Inventory

## **Other Documents**

- 2000 Building Operations and Management Association Experience Exchange Report. Building Owners and Managers Association (BOMA) International, 2000.
- Comparative Performance Measurement FY1999 Data Report. International City/County Management Association (ICMA), 2000.
- Issues in Public Purchasing, National Association of State Purchasing Officials
- The Strategic Plan for a More Effective and Efficient Procurement System, Washington, D.C.

- “Reducing Processing Costs and Cycle Times for Smaller Orders”. Arthur Andersen, 2000.
- “Internet to Solve Operational Procurement Challenges”. Arthur Andersen, 2000.
- “Outsourcing: Preparing Request for Proposal”. Arthur Andersen, 2000.
- “1999 Purchasing Performance Benchmarks for the Municipal Governments Industry”. Center for Advanced Purchasing Studies (CAPS), 1999
- “How Effective Are Your Community Services?: Procedures for Measuring Their Quality” ICMA, The Urban Institute
- “Tips for Effective Strategic Planning” HR Magazine, Christine D. Keen, 39, N8 P. 84(4), Aug. 1994.
- The Jersey City Master Plan, Volume 1 and Volume 2
- Montgomery & West Side Bus Association, Jersey City
- Cost estimates – land-based initiatives (prepared by John Mercer of City of Jersey City)
- “Activity-based Costing and Management: Issues and Practices in Local Government” by Barbara Weiss (Government Financial Officers Association)
- “Achieving Excellence: A Guide for Local Officials and Taxpayers To Identify Cost Savings and Improve Local Services” State of New Jersey Department of Treasury, October 1996.
- Memo RE: City Employee Benefit Information, Marianne J. Murray of City of Jersey City
- Schedule of Improvement Authorizations, Jersey City Capital Fund
- State Statute: 40A: 12-13 - Sales of real property, capital improvements or personal property; exceptions; procedure.
- State Statute: 18A: 36A-4 - Findings, declarations relative to establishment of charter schools
- State Statute: 40A: 12A - Local Redevelopment and Housing Law
- City Resolution 00-865 - Resolution Authorizing an Agreement with Occupational Center of Hudson County, Inc. to Provide Services in Connection with the Cleaning of Public Streets and Sidewalks
- City Resolution 00-352 - Resolution Authorizing an Extraordinary Unspecified Services Agreement with the Doe Fund, Inc. to Provide Services in Connection with the Cleaning of Public Streets and Sidewalks
- City Resolution 00-150 - Ordinance Amending Chapter 90 (Animals) Article III (Dogs and Other Animals) of the Jersey City Code Prohibiting Animals from Urinating and Defecating in Public Parks
- City Resolution 98-006 - Bond Ordinance to Authorize the Acquisition of Real Property
- State of New Jersey Distressed Cities Program Review of the Information Technology Department, City of Jersey City - June 2000
- Memorandum of Understanding between Division of Local Government Services and City of Jersey City - July 1999
- State of New Jersey Special Municipal Aid Act
- Local Public Contracts Law NJSA 40A:11-1